

FINANCIALTIMES

Thursday June 28 1990

THE GERMANYS

National mind in a state of muddle

D 8523A

World News

FT No. 31,185 THE FINANCIAL TIMES LIMITED 1990

Estonia lays down quotas on Soviet immigrants

Estonia became the first Soviet republic to pass an immigra-tion law, effectively laying down quotas for immigrants from other parts of the Soviet

Khmer advances Khmer Rouge guerrillas in Cambodia appear to have made their most significant gains in 11 years of fighting.

Relief mission crash An army helicopter crashed on a relief mission in Iran's earthquake disaster zone, killing a member of parliament and a group of relief workers.

Zambian riots

Rioting and anti-government demonstrations broke out in Katue, 30 miles south of the Zambian capital of Lusaka, on the third day of violent protests against food price increases. Page 4

Talks with Moscow Lithuania's President and Prime Minister flew to Moscow for a meeting with Soviet Pres-ident Mikhail Gorbachev. Exr-

lier report, Page 2 Contras demobilise The entire leadership of the Nicaraguan Contra rebels handed in their weapons to UN troops, thereby completing the demobilisation of their

army. Page 5 Sudanese accused The Sudanese military Government, which seized power from the civilian administration in June last year, was accused by Amnesty International of

using torture. Page 4 Media purge Newly elected right-wing lead-ers of Yugoslavia's second big-

gest republic Croatia launched -a mass purge of the media, sacking more than 20 editors. Israeli rebuff Israel dismissed European : Community condemnation of human rights violations in the

occupied territories, describing the European comments as unbalanced. italians flex mus Over a million Italian metal workers staged an eight-hour

3 1 1 S (1 1 7 5

as a trial run for a planned national stoppage of all work-Peace Corp retreat

Washington is to withdraw all 261 of the American Peace lippines following intelligence reports that they were be the ext target for communist attacks. Page 4

Action over deaths Basque radicals set a train on fire and built barricades in northern Spain in protest at the deaths of two separatist guerrillas described by the Government as suicide.

Hong Kong bill Hong Kong legislators voted for a draft bill of rights aimed at boosting fragile confidence in the colony before it reverts ese rule in 1997.

Protest under fire Liberian soldiers ran through Monrovia firing wildly after dispersing protesters calling for the resignation of President Samuel Doc. Page 4

New Milken probe The Federal Deposit Insurance Corporation (FDIC) in the US is to launch a new probe into the affairs of Mr Michael Milken, the billionaire former

Junk bond innovator. Page 5 Somali inquiry call

Italy called for an immediate inquiry by the Somali authorilies after an autopsy revealed that an Italian said to have committed suicide in a Mogadi-

Business Summary German banks say cost of restructuring has soared

Deutsche Bank, West Germany's biggest bank, and its East German joint venture partner, Deutsche Kredithank revealed that costs of recon-structing the East German banking system are escalating rapidly. Page 15. Gaddum pro-file, Page 14; Growth forecast, Page 4; Allianz insurance deal, Page 15.

Page 4; Allianz insurance deal, Page 15
MARKETS: Frankfurt reversed Tuesday's slip in the second half of yesterday's session. After an intra-day low, with the DAX nearly 5 points lower at 1883.41. Tokyo's Nikkei rose 740.98, or 2.3 per cent, to close at 32,312.75, the day's high. New York; at 2 pm, the Dow Jones Industrial Average was quoted up 15.10 at 2,857.43. Back Page, Section II

BANQUE INDOSUEZ, the French merchant bank, con-firmed it was in advanced negotiations for the acquisition of Kitcat & Aitken, the 90year-old UK stockbroker closed by its owner, Royal Bank of Canada. Page 15

MIDLAND Bank is to sell its 85 per cent stake in its Swiss subsidiary, Handelsfinanz, to Crédit Commercial de France. The deal will realise £60m for Midland at a time when its profits and balance sheet are under pressure. Page 14

INTERNATIONAL financial community leaders will meet Alberto Fujimori, Presidentelect of Peru, in New York tomorrow to hammer out an emergency aid plan for the debt-ridden South American country. Page 14

BICC, UK cables and construction group, is almost doubling its interest in Grupo Espanol General Cable, the Spanish cablemaker, to 39 per cent, with plans to take this to around 75 per cent in 1992. Page 15; Lex, Page 14

WAGONS-Lits, Belgian travel and tourism group, has sealed a far-reaching reshuffle of its shareholding and management structures which will bring Accor, the French notel company, into a key position in its organisation. Page 17

CONTINENTAL, West German tyre and rubber products company, narrowly avoided having its voting rights curb voted down at its annual meeting. Page 15

CENTRAL Bank of Turkey has established a programme under which it will be able to issue up to \$300m of medium term notes in the international market. Page 28

EUROPEAN Business Channel's Swiss-based board met in crisis session to see whether the first continent-wide business television channel can survive. Page 3

SIEMENS, West German electrical and electronics concern, is planning to invest more than DM1bn (\$595m) in East Germany in the next few years. Page 17

NIGERIA and the Soviet Union are at odds over £400m owed to the Soviet Union for work on the Ajaokuta steel plant, under construction by Tiajpromexport since 1979. Page 8

OUTOKUMPU, state-owned Finnish natural resources group, has agreed to buy the American Brass Company, which claims to be the secondlargest producer of copper products in the US. Page 16

a year by combining the two companies. Page 16 US officials said President Bush's announcement on reducing the budget deficit should encourage Japan to make tough political decisions to resolve bilateral talks on economic reform which were

Gorbachev's radical plans challenge party old guard

PRESIDENT Gorbachev has thrown down an open challenge to the die-hard conservative majority in his ruling Communist Party, by proposing an unrepentantly reformist policy for approval at next week's crucial party con-

Last night, the Soviet leader appeared to be backing away from an alternative strategy of postponing the confrontation until the autumn, as it became clear that preparations for the congress were already too far advanced.

anyanced.

Instead he has gone ahead with publication of a proposed party platform committed to the introduction of private property, top priority for the rights of the individual, the rejection of class dictatorship and the old tradition of "democratic centralism," and an open commitment to multi-party commitment to multi-party democracy — all potential anathema to the party conservatives.
The dramatic developments

within the ruling party coincided with an acceleration of moves seeking a settlement in the dispute between Moscow and the republic of Lithuania, as Mr Vytautas Landsbergis, the Lithuanian President, and Mrs Kazimiera Prunskiene, the Prime Minister, arrived at the Kremlin for talks last night.

The new contacts come on the eve of a Lithuanian parliant debate on whether to suspend the republic's declaration of independence to enable negotiations on secession to

Tomorrow will see the first key round in the battle for the

NEXT WEEK'S Nato heads of

government summit in London should strive to reassure the Soviet Union that the unifica-

tion of Germany and the changes in the western alli-

ance are not threatening, US President George Bush said

esterday. As a way forward, Mr Bush

at his own responsibility as

US President was "to try to convince Mr [Mikhail] Gorba-

sted a mutual declaration non-aggression, "stop-

By Peter Riddell, US Editor, in Washington



Vadim Medvedev, party ideology secretary, believes the Communist Party's crucial congress should go ahead

Bush seeks assurance for Soviets

soul of the party, when the 300-strong central committee meets to discuss the policy document and decide its congress strategy for the meeting which opens on Monday.

The central committee must decide whether to go shead or postpone the congress, with all the signs pointing to a irrevocable split in the party between conservative commu-

nists and social democrats. However, Mr Vadim Med-vedev, the ideology secretary of the party, chairman of the policy drafting committee, and a key Gorbachev ally, said yesterday that a majority of party leaders around the country

wanted to stick to the time-"I appreciate the arguments in favour of postponing the

nuclear non-proliferation and

nuclear non-proliferation and in varification of arms control agreements. He suggested more specific plans might emerge from next week's talks.

The alliance is likely to move cautiously in reviewing its military doctrine and its strategy of flexible response. Mr Bush warned against "looking for any bombshells or drawatte proposels at this

for the Soviet Union, Mr Bush underlined the doubts he

congress, but I believe the train has already left the sta-tion, and we should stick to the original date," he told a press

conference.

Mr Gorbachev and his allies
in the Politburo – Mr Alexanin the Polithuro – Mr Alexander Yakovlev, Mr Eduard Shevardnadze, the Foreign Minister, and Mr Medvedev – have hitherto done everything possible to maintain party unity, in the face of growing polarisation.

The suggestion of a post-ponement seems to have come

ponement seems to have come from the very top, after last week's disastrous founding congress of the Russian Communist Party - containing 60 per cent of the all-union congress delegates — which saw a clear victory for the conservatives and repeated criticism of Mr Gorbachev and his col-

eagues. Now the Soviet leader appears to have thrown down the gauntlet by revealing that his planned party policy is mitted to an acceleration in the reform process, not a

The document does not even mention the concept of "Marxism-Leninism," but concentrates rather on immediate measures to overcome "the crisis in society and in the party, and the creation of a humane, democratic concepts." democratic socialism." It admits the failures of the Com-munist Party leadership, under Mr Gorbachev, but says the main error was in not reforming the party itself sooner, as Continued on Page 14 Key elements of Marxism repudiated; Aid to Moscow; Estopians pass law to restrict immigrants. Page 2

US providing such financial

assistance. He noted serious legal and political problems in the US, but emphasised that the US wanted to try to assist

Soviet reform, via co-operation and advice. The President sup-

ported proposals for US private sector involvement in eco-

nomic development.
Otherwise during the interview he brushed aside inqui-

ries about the dropping of his "no new taxes" pledge, admit-ted frustration over the Middle East peace process, while say-

ing it would not be useful to

apply pressure to Israel; and appealed for Europe to become

involved in the development of Central and South America.

US budget talks, Page 14

EC opposition throws doubt on airline proposals

By Paul Abrahams in London and Tim Dickson

A PLANNED joint venture between British Airways, KLM and Sabena was thrown into doubt yesterday when the European Commission decided to send the three airlines a tions.'

The Commission said aspects of the joint venture did not appear to be in the interests of the European consumer.

Sir Leon Brittan, EC Compe

str Leon Brittan, EC Competition Commissioner, explained that this was a "particular step" in the EC's competition procedures and that the airlines would now have a chance to have discussions with Brussels with a view to altering aspects of the deal as it stood. Community officials last

right said Brussels' interven-tion could be crucial to the development of the European aviation industry.

It was far from clear what the implications of the decision would be. The airlines were still awaiting delivery of the letter of objection.

The balance of opinion is that the deal, which envisages Brussels' Zaventem airport being the hub of a rapid service system linking regional sirports across Europe – the so-called hub and spoke system operation – should go through if the three airlings are willing to compromise. Sir Leon said he did not object in principle to a hub and spoke system involving Sabena with one or more

tions. However, there is con-cern about the implications of the venture on competition on routes between the UK and Brussels. That concern has been heightened by information found in internal memos seized by the Commission at one of the airlines' offices which showed plans to allot particular routes so that the three airlines would not com-

pete against each other. BA may be asked by the Commission to hand over a number of take-off and landing slots at Heathrow so that a third airline can compete on operations to Brussels. The Commission forced BA to cede routes after its merger with British Caledonian in 1987.

However, Lord King, chairman of BA, has repeatedly stated his unwillingness to hand over slots or routes and has said he would rather pull out of the venture.

BA said last night that the company would not negotiate. The airline would make the case that the proposed deal would be good for the consumer and for competition.

BA and KLM argue that the joint venture would provide an intra-European system. They note that the existing large

European airports specialise in intercontinental rather than flights within Europe.
Britain's Monopolies and
Mergers Commission is expected to report on the Sabena joint venture today. Background, Page 2; Lex, Page

partners.
Sir Leon was coy about precise details of the formal objec-

UK told to recover £44m on Rover deal

By Lucy Kellaway in Brussels and Charles Leadbeater and Philip Stephens in London

THE EUROPEAN Commission yesterday told the British Gov-ernment to recover £44.4m (\$75.7m) in state subsidies paid illegally to British Aerospace at the time of its takeover of UK car group Rover in 1988. The demand is considerably lower than was mooted ini-

tially as it makes no provision for any undervaluation of Rover at the time of the sale. The decision is a victory for Sir Leon Brittan, the Competi-tion Commissioner, who had faced potential hostility from other commissioners over what the event, he said his proposals "did not present a very formi-dable problem" at yesterday's meeting.

Seven months of inquiry had been unable to prove conclusively any undervaluation, Sir Leon said, justifying the Commission's original demand that the proposed subsidy of £800m be cut to £469m.
"On the basis of the new facts there is no grounds for

attempting a reevaluation," he

Mr Nicholas Ridley, Trade Continued on Page 14 Background, Page 7

ping short of a formal treaty," whereby Nato and what remained of the Warsaw Pact The US is keen that next week's summit should mark the first stage of a change in Nato's role, Mr Bush said there juncture." A review is likely to be launched in the light of the altered threat and reduced force levels. would offer assurance about not threatening each other. Following this week's Euroshould be more emphasis on Article Two of the Nato char-ter which identifies a political, pean Community agreement to consider direct economic aid Sounding optimistic about progress, Mr Bush stressed that his own resnonsibility as

as opposed to a purely mili-tary, mission. He talked of ideas for giving Nato a role in

US, Japanese leaders step up

chev that what is proposed is not threatening. We've got a selling job to do."

During a White House meeting with the European press, including the Financial Times.

Mr Bush said that after a series of interestical

of international meetings planned for the rest of this

acceptance by all parties of a unified Germany within Nato."

pressure to reach trade accord By Peter Riddell in Washington and Robert Thomson in Tokyo

PRESIDENT George Bush yesterday talked with Mr Toshiki Kaifu, the Japanese Prime Minister, in the hope of ending the stalemate in the Tokyo negotiations over the Structural Impediments Initia-tive (SII), which aims to reduce rigidities in both countries'

Shortly after yesterday's telephone conversation, Mr Bush told reporters that he was still hopeful that differences could be resolved in the next few days to allow successful completion of the talks. Reports from Tokyo late yes-terday said Japan had agreed to increase its public invest-

STORA, Swedish forest prod-ucts group which is taking over Feldmühle Nobel of West Germany, will make savings of at least SKr670m (\$110m) ment figure to Y430,000bn (\$3,267bn) over the next decade from its original proposal of Y415,000bn (\$2,695bn). Kyodo, the Japanese news service, quoted government officials as saying the revised figure had been reached at a

continuing last night. Page

today.

The US had rejected Japan's original proposal on public investment, saying the figure was not sufficient to slash Japan's trade surplus with the US, which was \$49bn last year. A senior member of the US delegation said earlier that apart from public investment the main sticking points before any SII report could be finalised were that Japan had not provided enough details on planned reforms of its patent system or agreed to the format

of follow-up talks for the SIL Mr Bush went out of his way to praise Mr Kaifu yesterday for what had been achieved in bilateral relations since their meeting three months ago in California. He said he was very encouraged by Mr Kaifu's courageous stand and backing by the Diet (parlia-

It was that earlier meeting that provided the momentum which led to the interim SII late night meeting between Mr Kaifu and Mr Ryutaro Hashi-moto, Finance Minister. report in April and the hope on both sides is that such high-level contacts will give a The officials said the two countries would be able to make public their final report similar political push now.

The US is keen to have a final SII report before the Group of Seven summit in Houston, Texas, which starts on July 9. Mr Bush will have a separate meeting with Mr Kaifu on July 7. The American side yesterday presented Mr Bush's announce-

ment on Tuesday on reducing the US budget deficit as encouragement to Japan to make tough political decisions to resolve the talks. A US official said the announcement had been timed to coincide

He implied that Japan should show similar political should show similar political strength in settling the remaining disputes. Japan had previously demanded that the US provide a clear plan for reducing its budget deficit, which is partly blamed for making the US uncompetitive.

Earlier, delegates at the Tokyo talks had set a deadline of midday today for agreement.

of midday today for agreement, according to a US official who said that if they still could not agree, the talks would have to be carried over to another meeting in the US.

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Despite the bonhomie, Bush keeps Mandela at arm's length Washington was



always going to be the most difficult stop on ANC deputy leader Nelson Mandela's US tour, mainly because of President Bush's need to encourage South African President F.W.de Klerk

Stock Markets 29-38 29-31

Chief price changes yesterday: Page 15

New York function DM1.6605 (1.6630) FFr6.58 (5.5810) SFr1.4065 (1.4005) Y154.30 (154.675) DM1.6640 (1.6715) FFr5.59 (5.6075) SFr1.4075 (1.405) Y154.40 (155.16) Tokyo close:Y154,35

3-mo Treasury Bills: yield: 8.035% (8.046) Long Bond: 102월 (102½) yield: 8.497% (8.511)

STERLING

New York Reschilms: \$1.7445 (1.73775) \$1.7425 (1.7355) DM2.9 (2.9) FF:9.74 (9.7325) SF:2.4525 (2.44) Y269.0 (269.25) £ index 91.3 (91.5) COLD

MARKETS

353.38 (+1,3) Tokvo: Nikke 31,571.77 (+740.98) LONDON MONEY (14%)

New York: Comex Aug \$353.2 (352.9)

FT-A All-Share: 1,170.55 (-0.9%) New York funci DJ Ind. Ay. 2.850.74 (+8.41) S&P Comp US lanchthree rates Fed Funds 816% (815)

closing 1412-1433% Sep 8558

shu jail was probably beaten

Sary for progress12

-Landon ... Technology

\$350.0 (349.75) N SEA Off. (Argus) Brent 15-day Aug \$15.90 (16.075)

RECOGNITION of the right to private property, rejection of the dictatorship of any class or party, and a commitment to the importance of the individual, are key elements of the Soviet Communist Party's pro-

The draft policy statement for next week's crucial party congress contains a raft of major ideological reverses for the party faithful - including no direct reference to Marxism-Leninism at all.

Instead the document, produced by a drafting committee headed by Mr Vadim Medvedev, the party ideology chief and a key Gorbachev ally, would simply commit the rul-ing party to "a constructive nt of...the inherireassessment of the inheri-tance of Marx, Engels and Lenin, a freeing of this from

Border opens

Soviet troops

OFF-DUTY Soviet troops stationed in East Germany will be able to enter West Germany

freely as a result of the virtual abolition of border controls

between East and West Berlin

esterday. This side-effect of the lifting of

controls, which came in advance of their formal elimination

etween the two Germanys on

July 1 for monetary and eco-nomic union, renders the fast

disintegrating Warsaw Pact even more of an anachronism.

prevent a Soviet soldier from

simply walking into the west," said Mr Heinz Pohl, a spokesman

for the East German Interior

Enlisted Soviet troops sta-

tioned in East Germany are in

theory only allowed to make group excursions on their day off and are forbidden to cross into West Berlin or West Germany.

However, officers and their

families are permitted to make

trips on their own and a growing

number have been to West Ber-lin in recent weeks, a Soviet journalist in East Berlin said. Mr Pohl pointed out that, as regards the enlisted men, it

would now be impossible to know whether a person crossing

in civilian clothes was a soldier.

The west will be increasingly

attractive to the 380,000 Soviet

soldiers in East Germany from July 1 as they will be paid

pocket money in D-Marks which they received in East German Marks until now. Yesterday travellers arriving

Yesterday travellers arriving at Friedrichstrasse station, the rall gateway to East Berlin, as well as those entering East Berlin by car and on foot, went uncontrolled throughout the day. The few remaining border officials chatted or looked on with

Mr Matthias Gehler, the gov-erument spokesman, said some people like himself found it hard not to hold up their passports at the border although no one

East German workers yester-

day completed demolition of the remaining labyrinth of control

barriers and passageways inside Friedrichstrasse station which

arose after the Berlin Wall was built on August 13, 1961, in order to separate East Germans from

erners using the station.

which was severed on August 13 in preparation for through traffic next Sunday to the west on the

urban-elevated rail network and

East German customs officials are to remain posted at the bor-

many but will make only ran-

been cautious in making investment commitments in East Germany despite repeated

appeals from politicians in

both Germanys that the east is now "open to the world",

Mr Rainer Heumann, head of the British Chamber of Com-merce in Germany, says that

writes David Goodhart.

ween East and West Ger-

Railwaymen rejoined track

wanted to see them.

the underground.

From now on nothing will

to all, even

By Lestie Colitt in East

The draft statement, published in full yesterday by Pravda, the Communist Party's principal newspaper, seems certain to run into furious opposition from conservatives. to whom it makes virtually no concessions except for one vague statement that it is the "party of socialist choice and Communist perspective." It provides a sharp critique of the party leadership – the ruling central committee and politburo - for "lagging behind the development of events," in fail-ing to reform the party itself sooner, and for "often acting by methods of trial and error." However it roundly blames the current "crisis in Soviet society and the party" itself on the deformations of socialism begun by Stalin, and continued

It denounces "dogmatic con-

protest at

low prices

POLISH farmers, protesting against low prices for their

products, marched on the Min-istry of Agriculture in Warsaw

yesterday, AP reports from

The farmers, from south-eastern Poland, are demanding

government-set minimum prices to buffer the agricul-tural sector against the effects

of the economic reform pro-

They are also seeking more favourable credit terms and

other assurances of profitabil-

ity for farming.

servatives" who attack the reform process as "an assa nation attempt on the princi-ples of socialism," while equally reviling "movements which reject the socialist choice, in calling for the lion's share of public property to be put in private hands".

ment proceeds to call for the recognition of all forms of property as equal, including "earned private property" the first time the words "pri-vate property" have crept into a party statement. it says state control should

Having said that, the docu-

remain over major roads, com-munications, energy and, the lefence industry,
As for central planning, the bedrock of the communist eco-nomic system, it should become simply devising strategies for economic development and special state pronomic activity would be regulated through state taxes, interest rates and so on.

It says that the "central strategic task" of party policy should be to safeguard "the interests and requirements of the individual". It calls for the inviolability of an individual's housing and property, the freedom to choose a place of resi-dence — which would mean an end to the internal "pass sys-tem" — and the secrecy of cor-respondence and telephone

The party policy favours a multi-party system, indepen-dence of the courts, and freedom of conscience and religion. It also calls for a new agree-ment on a union of sovereign states, based on national self-determination.

Aid to Moscow 'not tied to unification'

By Judy Dempsey

ANY suggestion that western aid to the Soviet Union should be coupled with the question of German unification was yesterday rejected by Mr Lothar de Maizière, the East German Prime Minister.

However, Mr de Maizière admitted he had not yet seen the letter Chancellor Helmut Kohl of West Germany had sent to delegations to the EC

summit in Dublin.
The letter implied that any EC aid to the Soviet Union must take into consideration the path towards German unification.
"I think that any aid should

be given (to the Soviet Union) with no conditions involved," said Mr de Maizière. Mr de Maizière, who earlier in the day held talks with Mrs

Margaret Thatcher, the British



CZECHOSLOVAKIA'S first freely elected parliament in 44 years convened its opening sestimates of the company of reform during the peaceful revsion yesterday, AP reports

from Prague.

The legislature is dominated Civic Forum and its Slovak ally, Public Against Violence. The two groups spearheaded last year's peaceful revolution against the communists. The Civic Forum and Public Against Violence won elections two weeks ago, gaining 170 seats in the bicameral parlia-

Mr Dubcek, who led the 1968

such as Peat Marwick and Price Waterhouse, and compa-

nies like Davey McKee and BP,

who were active in the past,

than out.

The Government has so far The communists, who ruled refused virtually all special unchallenged for four decades until the peaceful November concessions, saying the switch to a market system requires revolution ousted them from power, won 47 seats in the new perliament.
The third strongest group is

to a market system requires the elimination of the subsidies that most producers had come to depend on during four decades of a socialized econthe Christian Democratic Alliance, which won 40 seats in the June 8-9 elections, the first omy.

However, a new Agricultural
Market Agency, to begin work
in July, will play a role in stabilizing grain prices by making
selective purchases.

The Government is in the free balloting since 1946.

The House of Nations and the House of the People, the two chambers of Parliament, met to elect their chairmen process of drafting its policy on and were to convene in a joint session to elect a new speaker

agricultural reform, which is expected to acknowledge the and presidium.

Civic Forum spokesman Mr
Petr Kucera said on Monday
that Mr Alexander Dubcek, need for widespread reorganization of farming and food pro-A team of agricultural advisers from the World Bank and who was appointed to head the interim parliament in December, was the only candidate for the European Community has been in Poland for a month to house speaker. He represented Public Against Violence in the assist the Government on the sensitive questions of food sup-

Caution marks approach of British businesses

no new manufacturing invest-

ment plans have been announced by British compa-nies since the opening of East

The Christian Democratic join Civic Forum in a new government, Talks were held, and it agreed to reverse its earlier decision and join the govern-ment. The Civic Forum and Public Against Violence could have formed a minority government, but would have lacked the three fifths majerity needed in the two chambers to push through constitutional

Officials from both groups repeatedly stated that they sought the broadest possible coalition as the country embarked on a transition to a market economy that will require drastic economic reform. However, they ruled out government with the com-

The unofficial leader of the Christian Democratic Movement, Mr Jan Carnogursky, was appointed deputy prime minister in the Slovak regional government yesterday after rejecting any post in the fed-eral government. The Slovak government is headed by PAV mber Mr Vladimir Meciar. The Christian Democrats have eight of the 23 ministers in the new Slovak regional government, including the posts of interior, economy, trade and agriculture.

Estonians pass law to restrict immigrants

By Quentin Peel and Leyla **Boulton in Moscow**

ESTONIA yesterday became

the first Soviet republic to pass an immigration law, effectively laying down quotas for immigrants from other parts of the Soviet Union. The latest challenge to the central authority was approved by the republic's parliament, against the furi-ous objections of Russian-

ous objections of Russian-speaking deputies, who refused to vote on the issue.
It came as Lithuanian depu-ties postponed for another day any decision on whether to freeze their independence dec-laration in order to open the way for secsision negotiations with the Soviet Government.

The Estonian law estab-lisher entrance anatas and lishes entrance quotas and permanent and temporary res-idence permits, as well as regulating the stay of all "for-eign citizens" in the Baltic the official Soviet news

agency.

It responds to a deep anxiety among ethnic Estonians, shared with neighbouring Latvians and Lithuanians, about the influx of Russian and other workers in recent years. Estonians now account for just 60 per cent of their population, Latvians for barely 50 per cent

Russian deputies claimed that the law conflicted with the constitution of Soviet Estonia, although Estonian deputies say that document has ceased to be valid since they amounced a transition to independence in March. They stopped short at the time of declaring independence out-right, as Lithuania has done. The Lithuanian parliament is expected today to discuss a possible compromise with Moscow after conflicting signals from the Kremlin caused fear and confusion among the breakaway republic's inhabit-

But a vote on whether Lithuania should suspend its inde-pendence declaration for the duration of talks with Me was not expected before tomorrow at the earliest. Lith-uanian deputies have drafted eight alternative proposals for a moratorium on its March 11

Mr Vytantas Lendsbergis, the Lithuanian president, returned from talks on Tues-day with President Mikhail Gorbachev saying the Kremin had requested "unitateral concessions". Mr Anatoly Luky-anov, the chairman of the Soviet parliament, was reported to have insisted at reported to have insisted at the meeting that Lithuania suspend the declaration and all the legislation passed since March 11 as a condition for

Hours later, however, Mrs Kazimiera Prunskiene, the republic's Prine Minister, said she had received a telephone call from Mr Gorbachev suggesting he was willing to com-

promise.

The Kremlin must be playing some kind of game if Gorbachev says one thing to Landsbergis and then rings up Prunskiene to say the same thing but with a different interpretation, and Mr Vytanias Katilius, deputy editor of the pro-independence daily Gintasis Krastas (Native

Swedish party urges EC talks.

SWEDEN'S main opposition SWEDEN'S main opposition party wants the country to apply to join the European Community next year, writes Robert Taylor in Stockholm. This is the Moderates' main demand in a policy document on the EC published yesterday. Mr Carl Bildt, the party leader, said negotiations between Sweden and the EC should be completed successfully by the beginning of 1993 enabling the country to enabling the country to become a full member by 1995 in time for the EC's proposed economic and momentary union. The Moderates intend to make EC membership the main issue at the next general election in September 1991 and do not believe the country's neutrality is an obstacle to joining. had been raised but nobody fol-

Motor of EC integration shifts into another gear

NLY ONE thing is more astonishing than the speed of diamtegration of the Soviet Union and its empire, and that is the acceleration in the integration of the European Community. There are two indicators of this accel-eration: an objective measure of progress, and an inititive sense of process. The second is clearly less reliable than the first, but it may be more mean-

First, the objective judg-ment. A year ago, the West German Government was resisting early negotiations on a treaty on economic and monetary union (EMU); two months ago Germany lined up with France to call for a treaty on political union; at this week's Dublin summit, the Twelve agreed to launch negotiations on both of these new treaties at the end of this year. In formal terms, these are just procedural decisions; intuitively, they are far more significant than that. In the past the member states often steeled themselves for the bat-

the of negotiation, by commit-ting themselves to formal objectives which concealed ep differences of principle. On this occasion, by contrast the agreement on a negotiating procedure has been reached after the emergence of a pro-found consensus on the objective of the negotiation. It is now a racing certainty that well before the end of next

year the European Community will have taken a giant step forward, by signing a treaty on EMU. Work is still needed on the articulation between the monetary and economic chapters, and on the interface between EMU and the political process. But the end-purpose of economic and monetary union has by now been internalised by almost all the member states, and thus virtually guarantees the outcome.

Mrs Margaret Thatcher is, of

course, an exception; but she cannot invalidate either the general proposition or the probability of the result. The projected treaty on political union is still more interesting in instinctive terms. The detailed ingredients of this negotiation, are more amor phous than that on EMU. ecause there is no ready-ma definition of the meaning of political union. But it now seems a foregone conclusion that it will lead to a strength-ening of the Community as we

know it, and not to the creation of a separate or parallel institution.

Two months ago, at the first Dublin summit, Mrs Thatcher sought to puncture the heady bubble of Euro-babble, by listing some of the things that political union could not be: it could not do away with the British monarchy, for example, or the British parliament. In fact, no such idea had occurred to any member government. But while Mrs Thatcher was tilting at windmills, a more serious argument was going on between the French and the European Commission.

The French thesis, encapsu-

IAN DAVIDSON ON EUROPE

lated in an inspired article in Le Monde just before the first Dublin summit, was that politi-cal union must lead to a relative strengthening of the Council of Ministers, at the expense of the Commission. The main purpose of political union would be to strengthen co-operation in foreign policy and security, these are classic attributes of sovereign nation states, whereas the EC is an Economic Community, with littie competence for the first and none for the second. Mr Jacques Delors, the Com-

mission president, protested as loudly as he dared that it would be dangerous to tamper with the established balance between the Community Insti-tutions. But the French seemed fixed on the strengthening of the Council of Ministers, and the summits of heads of state or government.

To suspicious minds, it looked as though France was setting about a revival of the 1961 Fouchet Plan of notorious memory. At that time, President Charles de Gaulle sought to stifle the quasi-federal potential embedded in the Community's institutions, by capping them with an inter-governmental 'political union', whose decisions would be taken only by unanimity, but whose policy-making authority would effectively override that of the Community. De Gaulle's plan was flercely fought off by the other five member states; by the spring of 1962 he effectively abandoned it.

tentional credence when senior-French officials started to describe political union as something which would can: the Community. But if these suspicions were ever soundly based, it appears that the French administration has now changed its mind.

The current French line, at the highest level of official authority, is quite different. The new architecture of the Community will have three pillars: the single market, economic and monetary union, and political union; but it will be a single Community. All of the EC's institutions must be strengthened: the Council, the Commission and the Parlia-ment. It is futile to draw a hard line between Community competence and foreign policy; the Commission must therefore play some role in foreign policy co-ordination. In any case, it is essential to recognise the Com-mission's vital function as the motor of the Community. The democratic imperative makes it essential to find a way of associating national parlia-ments with the broad lines of EC policy.

The French sense of the ulti-mate objective, as President François Mitterrand has started to admit in public, is a European federation. But the sense of the immediate objective is the maximum that can be agreed by the Twelve. French thinking on this first stage of political union is still incomplete; but the agenda is likely to consist of useful but modest changes to which not even Mrs Thatcher could object.
The contrast with the strug-

gles between de Gaulle and the five in the 1960s, could hardly be more extreme. That was a Manichean confrontation of absolutes, in which both sides attempted to pre-empt the ultimate fate of the Community. Neither side won, of course, because they were defeated by the Fallacy of the Last Move. The remnants of the Mani-chean illusion persisted into the mid-1980s, with the titanic

fights over the reform of the farm policy and the Community budget. The qualitative shift now taking place, is away from absolutist battles of principle, towards a process based on confidence and conver-gence. Mrs Thatcher does not like it, nor does the French Gaullist party. But that is the

Gaullists seek nationalist votes in attack on French EC policy

was traditionally a central fea-ture of Gaullist policy. In

By Ian Davidson in Paris

FRANCE'S right-wing Gaullist RPR party has responded to the Dublin summit with a sharply-worded attack on the French Government's policy towards the European Community, and in particular on President François Mitterrand's assertion at the summit that the EC should have "a federal finality

The party accused the Socialist Government of failing to defend French national interests, and claimed the Presi-dent's remark had revealed the Socialists' true intentions "to eliminate the identity of France".

The RPR's statement is obvi-

ously an appeal to the right-wing nationalist vote, in response to the worrying buoy-ancy of Mr Jean-Marie Le Pen and his extreme right-wing National Front. Hostility to the supra-na-tional vision of the Community recent years, however, the Gaullists' opposition to the federalist model has appeared to be submerged by their newfound conversion to economic liberalism, the single market and some version of economic and some version of economic and monetary union. This has given the impression of a con-sensus on Community policy between the moderate political parties of both left and right. The only specific national interest which the Government is accused of having neglected is that it failed to secure a final decision in Dublin on the maintenance of the European Parliament in Strasbourg.

Meanwhile, the Gaullist

party and the UDF centre-right umbrella grouping have jointly formed a political federation called Union pour la France. Its declared purpose is to strengthen the chances of the

respectable right-wing parties in the run-up to the general election in 1993 and the presidential election in 1995. In order to avoid the debacle of the presidential election of 1968, when the right wing was defeated mainly by the rivalry of competing conservative can-didates, the new federation will stage a primary selection pro-cess, to choose a single presi-dential candidate.

It is not yet evident, how-ever, that it will succeed in uniting the conservatives. It has been attacked by Mr Francols Léctard, leader of the Republican Party; and it will be viewed by young reformers in both the Gaullist Party and the UDF as a device for perpetuating the dominant positions of the two conservative barons, Mr Jacques Chirac, leader of the Gaullists, and Mr Valéry Giscard d'Estaing, leader of the

Courtaulds closes French plant

COURTAULDS, the British chemicals and materials com-pany which is Europe's second biggest maker of acrylic fibres, is to close a fibre plant in Calais with the loss of 490 jobs.

It is one of three European factories which make Courtelle fibre. Demand for acrylics in Europe has dropped in recent years and closure of the Calais ity since Courtaulds amounced in May it was cutting back on activities in this

field.

The UK company, which last year announced demerger of its textiles operations into a separate business, has recently made a loss on acrylics sales. The same has been true of Enimoni of Italy, Europe's largest acrylics maker, and West Germany's Rayer. many's Bayer. Courtaulds said yesterday

that assuming it could com-plete legal formalities, the Cal-

ais plant would not re-open after it closes for summer holidays on July 21. The company tomorrow will holding an extraordinary meeting of the workers' council at the plant to discuss the planned closure.

Courtailds also operates arrelics plants at Grimshy in acrylics plants at Grimsby in Britain and Barcelona, Spain. These bave 1,100 employees.

THE Euro was yested furst teler: The sion the slow take count

Germane the opening of East Germane last year. "The British have been very cautious, but then so has everybody else including the West Germans themselves," he said. A new presence has been established in the financial sercontinue to be so. Mr Detiev Münchow, a committee member of the Cologne-based British Chamber, says that British companies are falling to grasp a real opportunity. Conciliatory tone suggests airline venture will be cleared for take-off

"Many East German managers

dislike West German arrogance and would prefer to do busi-

ness with the British," he says.

He adds that during a British Chamber tour of East Germany

last March the idea of a Brit-ish-East German science park

lowed it up and the idea was taken up by the Americans.

"ALL questions remain open," Sir Leon Brittan, the EC's Competition Commissioner, observed yesterday after confirming that Brussels is sending a "statement of objections" to British Airways, KLM/Royal Dutch Airlines and Belgium's national carrier Sahena over their controversial joint venture.

Predicting the outcome of talks which will now take place between Sir Leon and the three European airlines is hazardous. But while much depends on the reactions of the companies themselves - they will not receive the Commission's formal comments until today - the balance of opinion last night was that the deal stands a reasonable chance of

Sir Leon's tone was certainly con-

stress he welcomed the concept of a hub-and-spoke operation based on Brussels' Zaventem airport with Sabena "and one or mere partners." Subject to the successful removal of competition disadvantages, he suggested the three-way deal "could do a great deal of good for consumers as well as for the air transport

EC officials were keen to play down recent reports which referred to Brussels blocking the marger. In response to a particular hare which has been sent running in recent weeks - namely, the likelihood that KLM would be required to withdraw from the arrangement - Sir Leon said: "I can see advantages and disadvantages of having three airlines.

I can see advantages and disadvantages of having two airlines." This, however, was one of three issues discussed at yesterday's meeting of the Commission before the final decision was taken. It is understood that competition authorities in Brussels, following raids on the offices of the companies involved, found evidence which suggested that KLM was only brought into the deal because it was a large competitor operating from nearby Amsterdam and that it was therefore better in

As a result, some officials have been claiming that KLM should be excluded. But in the debate yester-day members of the Commission argued it was not up to Brussels to look at the intentions of the participants, or to try to restructure the sir part of the second air transport are trying to organise the transport industry. The only rele-package) this is probably not a seri-market in a way that threatens comvant question was the impact on the

Another contentious point raised yesterday was the original intention to accuse Sabena, under Article 86 of the Treaty of Rome, of abusing its dominant position in the Belgian

dropped - after objections that the domestic Belgian market is hardly a relevant consideration - could, according to some officials, make it more difficult for Sir Leon to force Sabena to give up slots and traffic rights at Zaventem.

But with the Commission due to lay out soon a code of conduct for member states on slot allocation (as

The initial question to occupy the meeting yesterday was the position of Mr Karel Van Miert, the Belgian Transport Commissioner, who voiced a grievance at having been excluded from negotiations so far.

Sir Leon replied that competition was his dossier, but a compromise The fact that this has now been

was reached allowing Mr Van Miert to be kept informed of developments.
Details of the objections will only
be available today because of the
necessary reducting last night. They run to about 20 pages and essentially make the point that the three air-lines all operate from a dominant position at their hub airports and that evidence suggests they

package) this is probably not a seri-ous consideration.

The third question to occupy the neeting yesterday was the position

petition.

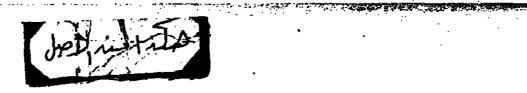
Internal memos are quoted showing how the strikes already co-operate closely in a number of areas such as buying sircraft, spare parts
and fuel — and demonstrating clear
plans to carve up particular routes
so they would not compete with each other.

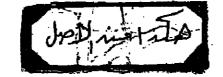
This will provide ammunition for the independent European sirlines which opposed the deal, such as British Midland Airways, Air Europe and TEA, the Belgian airline. They argue that the deal would give Sabera and British Airways 90 per count of Rights between the HK and cent of flights between the UK and Brussels, with little incentive for

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WORLD TRADE NEWS

By Christina Lamb in Brasilia

THE US is to lift sanctions on

Mrs Carla Hills, the US Trade Representative, said: "We are very pleased with President Collor's decision to resolve this long standing con-

cern of the US government. We are confident that this measure will succeed and provide adequate protection for US firms."

The US sanctions — 100 per

cent retaliatory duties on paper products, consumer electronics and drugs — were imposed in October 1988 after a ruling under Section 301 of the 1974 Trade Act that Brazil was falling to produce the section 301 of the 1974 Trade Act that Brazil was

failing to provide patent pro-tection for US pharmaceuti-

Brazil's announcement came

Brazil's amouncement came as part of a sweeping trade package intended to open up the country to foreign competition. It followed visits by MraHills and Mr Robert Mosbacher, the US Commerce Secretary, both of whom lobbled hard for Brazil to ensure adequate protection in order to

quate protection in order to attract investment.

In a further concession to

Olivetti CP486

£400M OWED ON STEEL PLANT BUILT BY MOSCOW

Nigeria fails to pay Soviet debt

NICERIA and the Soviet Union are at odds over £400m owed to the Soviet Union for work on the Ajaokuta steel plant, under construction by Taipromexport since 1979. Completion of the plant,

which has cost an estimated soon to date, is expected next year and, as one Soviet official explained: "We've done our work and we want our money." With an international debt of sizh and debt repayments to the Paris and London clubs already accounting for 30 per cent of foreign exchange earnings, Nigeria's debts to the

Soviet Union are being given low priority.

But with the government of President Ibrahim Babangida failing to make any payment to Tiajpromexport since 1986, Soviet diplomats are beginning to lose patience. The Soviet Union's inability to collect money owed by developing countries is also thought to be a factor behind its own late payments to western exporters. payments to western exporters.
The problem in Nigeria's case, analysts believe, is the Soviets inability to offer new credits. Without the carrot of additional finance, the

Nigerian authorities have not been willing to negotiate even a rescheduling of the debt. Relations between the two

Relations between the two countries have also been put on edge after revelations that Chief Great Ogboru, the businessman the authorities suspect of financing the failed coup last April, visited the Soviet Union earlier in the year to sign a fisheries year to sign a fisheries joint-venture agreement.
Of bitter consolation to

plant is unlikely to begin production for at least another five years. Still to be confronted is the problem of ensuring a secure supply of coking coal for the plant.

The plant needs L4m tonnes of coking coal a year, most of which will have to be imported. This presents logistical problems as Atackuta, situated on the River

plant is unlikely to begin

Ajaokuta, situated on the River Niger, is 250 kilometres inland from the coastal ports. Either the river will have to be dredged or a 150 kilometre railway line built to connect the plant to the rail network.

Brazilian goods in response to Brazil's amouncement that it will introduce legislation to protect pharmaceutical patents by next March. The Brazilian decision on intellectual property rights represents a radical shift in Brazilian thinking and paves the way for ending a row with the US, its largest trading part-

President Collor: opening Brazil to foreign competition

US to lift sanctions against Brazil

the US, Brazil said it would liberalise the film industry.

Previously all films imported from the US had to be copied in Brazil which was expensive and led to much pirating.

In response to lobbying from multinational companies and trade ministers from industria lised nations Brazil's central bank agreed to release over the next six months the \$4-5bn profits of foreign companies that were frozen in March along with 80 per cent of the country's savings in a measure to suppress liquidity. The trade package also included the scrapping of import quotas. In future the only instrument governing

imports will be tariffs and these are to be cut from an average of 35 per cent to 20 per cent over the next four years.

This sweeping reduction on tariffs is part of the measures by the government of President and the second of the measures. by the government of Presi-dent Fernando Collor de Mello to reduce the role of the state and open up trade barriers to encourage efficiency and com-petition. Brazil is one of the world's most protected econo-

mies, traditionally hostile to foreign imports which last year accounted for only 5 per cent of GNP. Once the liberalisation takes effect many Brazilian companies are expected to go out of business.

The first sector to be liberalised is textiles, one of the most protected areas. From July 1 all tariffs will be dropped on machinery and raw materials not produced in Brazil. A tariff commission will decide the timing of the rest of the cuts to bring the maximum down from 105 to 40 per cent by 1994. Of particular concern to the US are tariffs on aircraft, their main export to Brazil, which are now between 49 and 56 per

To encourage foreign invest-ment, import licences must now be granted within five days. This is to stop trade associations lobbying to prevent the entry of competitors and to force multinationals which earn huge profits in Brazil to increase their competitiveness.

Miss Zelia Cardoso, the Economy Minister, unveiling the trade receives easily it revenesses.

the trade package, said it represented a profound rupture with the past. She added: "Pro-tectionism has failed and impeded the development of our industry. It left us with an economy which while the eighth largest in the world, was riddled with chronic infla-tion, inequalities and profound social and regional problems."

Moscow is that even after the the 3,000 Soviet workers have completed their work and packed their bags, the steel E Germany acts to enforce CoCom rules

By David Marsh in Bonn

EAST GERMANY is to set up a special foreign trade monitoring office next week to police international controls on technology transfer after economic union with West

economic union with West
Germany this weekend.
Establishing the office forms
part of the recent
understanding with the
17-nation Co-ordinating
Committee for Multilateral
Export Controls (CoCom)
under which CoCom
restrictions for East

Germany will be lifted after

July 1.

High technology goods previously proscribed under the CoCom rules will be able to cross from the West from the

weekend.

Even though general CoCom procedures are being relaxed, the US, above all, is still concerned about militarily-useful technology crossing from eastern Europe into the Soviet Union and the Third World.

The East German government will be trying particularly to prevent re-export of sensitive products in areas like computers and telecommunications. The East Berlin Government is attempting to enforce CoComcurbs on barter trade, where

East Germany has agreements in force with 38 countries.

The East and West German governments announced yesterday that controls on movements of people across

the East-West German border will be practically ended at the Germans will no longer fac

Germans will no longer face passport inspections, and visa restrictions for foreigners will be substantially eased. Goods controls will however remain in force — not least, because East Germany introduces a 9 per cent import surcharge on Sunday to try to protect its industry from a rush of imports of western consumer goods.

'Failure of trade talks will hit poor'

By Peter Montagnon, World Trade Editor

MR Barber Conable, president of the World Bank, has called on western leaders to break the deadlock in the Uruguay Round of multilateral trade negotiations at their summit in Hous-ton next month.

"imperative" for the sake of developing and East European countries which are liberalising their own trade but have so far had little influence over the Round, he said in a letter to President Bush and the other eads of state who will be attending the summit.

In his letter, Mr Conable carefully avoided taking sides in the dispute between the US and the European Community over reform of world farm trade that has threatened to derail

that has threatened to derail the entire Round.

But he emphasised the need for a global reduction in barriers to trade and warned that nobody would benefit from fragmentation of the trading system if the Round failed.

Protection by industrial

Protection by industrial nations costs developing countries more than twice as much as they receive in aid. Output in the developing world would increase by 3 per cent if rich nations eliminated their import restrictions, he said.

Following the prescription of the World Bank, many develop-ing countries had opened their own markets, but they had done so unilaterally and the global gain would be much greater if trade were freed. Agreement in the Round would benefit developing coun-tries, especially in agriculture, textiles and clothing, he said.

Russians brand Big Mac a hit

By Alice Rawsthorn

McDonalds started selling Big Macs in its shiny new store on Moscow's Pushkin Square, but

the queues outside are still a mile long every day. With so many western com-panies like McDonalds setting up in eastern Europe, Landor Associates, the international corporate identity consultancy, has commissioned a study of awareness of interna-tional brand names in eastern

Europe.
Sony, Mercedez-Benz, Adidas and Ford were the only brands to score highly in all three countries surveyed: the Soviet Union, Poland and Hun-gary. Sony was top in Poland and the Soviet Union. Mer-cedes did best in Hungary. The study, by Gallup, asked 500 consumers in each country which international brand

names they were most famil-iar. Cars dominated in every country. The West German Invery car companies — Por-sche and BMW, as well as Mercedes - were especially popular in Hungary and Poland.

Japanese electronics comp nies - Sony, Sharp and Par sonic – scored highly. But west European brand names, especially the West German

especially the West German ones, scored highest of all.

The hig US brands were surprisingly unsuccessful. Coca-Cola, McDonalds, Kodak and Pepsi-Cola cropped up, but Ford was the only US company to have high recognition.

The Image Power Survey in eastern Europe, Landor Associ-ates Europe, 3 Hill Street, London WIX 7FA.

Business television channel faces closure

By Raymond Snoddy

THE BOARD of the Swiss-based European Business Channel was meeting in crisis session yesterday to see whether the first continent-wide business

television channel can survive.
The channel was reviewing its options following the decision by Time Warner of the US, the world's largest media con-glomerate, to abandon plans to take a substantial stake in the

As a result it is likely that EBC, which began broadcasting in November 1988 and which is available in 24m European wall go off the air — at least for the time being.

Staff were yesterday preparing the programme as normal and the program is expected to

and the service is expected to continue to the end of this week. Staff have been told that whatever happens suppliers

Time Warner executives arrived at the Zurich headquarers earlier this month to negotiate final details of a deal on what would have been the US company's first large foray into Surope since last year's merger of Time and Warner Communi-

The formal reason given for the decision was uncertainty over the length of EBC's con-cession with the Swiss Government and the number of hours of broadcasting involved. Another factor was concern about their degree of control over what had to remain a

Swiss company. It is believed, however, that relationships between shareholders and suppliers were also

a factor.

The main technical services for EBC are provided by a company called Limelight which is in turn controlled by Black Box, a holding company which is the second largest shareholder in EBC with 15 per cent. Mr Felix Matthys, a Swiss businessman, controls 62.5 per cent through his company AWF.

Thames Television, Britain's largest independent television company, initially had a 15 per cent stake in the venture. But Mr Richard Dunn, Thames managing director, warned in a factor.

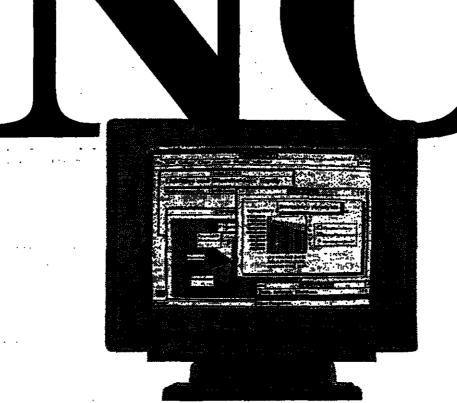
managing director, warned in 1988 that the cost structure could not be sustained by likely earnings. Although still an EBC director Mr Dunn played no further part in the comment and ther part in the company and allowed the Thames stake to be

diluted to 1 per cent.

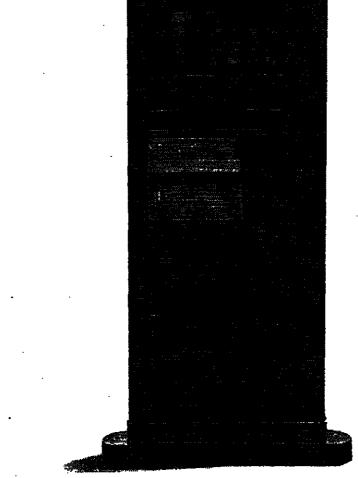
EBC transmits half an hour of business news in English and German at breakfast time, and is later repeated. It is carried on a wide range of satellite chan-nels including Sky One, Sky News, Super Channel and, in West Germany, RTL Plus and

The Time Warner stake was meant to finance not just a con-tinuation of the service but also fund an ambitious expansion to six hours a day broadcasting in

September.
Instead the channel is now fighting for survival in an increasingly competitive market Two new European business services have recently started a joint venture between CNN and the Financial Times and European Business Today launched by Clark Production







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Japanese bank | Indian Airlines may be allowed to fly A-320s again sees 10% growth for E Germany

By Stefan Wagstyl in Tokyo

EAST GERMANY will grow so fast that by the year 2000 it could match the current level of economic output per head in West Germany, according to a report published yesterday by one of Japan's leading banks.
In a bullish analysis, the

Industrial Bank of Japan (IBJ) predicts East Germany will be thrown into economic upheaval in the first two years following monetary union next aval in the first two years month. After that, however, heavy investment would fuel growth, which would top 10 per cent a year in the middle of the

The likely average growth cent and for 1995-2000 8.4 per

Opportunities to pour capital investment into East Germany will boost the average growth will boost the average growth rate in West Germany to 4 per cent in the first half of the decade and 3.8 per cent in the second, the bank says. West Germany would then be growing aimost as fast as Japan has

in recent years.

IBJ, one Japan's foremost economic forecasting organisa-tions, believes the economic unification of Germany is "a magnificent experiment in shifting an economy from central planning to relying on the market... This experiment will succeed as long as West Ger-many has the determination to press on with unification."

The bank's optimism is in stark contrast to the caution with which Japanese compa-nies are approaching East Germany. So far just three industrial groups have announced modest plans to invest in the

Nissan Motor, the car maker, has established a network of 36 dealers, but their main function will be to service travel-

lers from the west. Kao, a toiletries group, has set up a joint venture to sell shampoo and Sony, the electronics company, is to open a marketing office. instead. IBJ's study seems closer in spirit to the thinking

of many West German compa-nies, some of which are consid-ering multi-billion D-Mark investments in the east. The bank forecasts East German output will be down by more than 5 per cent this year and will stabilise at that level in 1991. The unemployment

rate will rise to a peak of 20 per cent. or 1.7m people, in 1991 but it will then fall to between 10 and 12 per cent by 1995. The main engine for growth will be huge private and public investment in industry and the infrastructure. Investments are expected to total DM13bn (£4.49bn) this year and DM22bn in 1991. Supported by this flow of capital, much of it coming from West Germany, per capita output in East Germany will reach 80 to 100 per cent of the present West German standard

As for foreign trade, East Germany will absorb some of West Germany's surplus but will by no means wipe it out IBJ says. The ratio of the trade surplus will fall from about 4 per cent of GNP now to just over 2 per cent by the mid-

many other forecasts, the bank does not expect East Germany's need for capital to drive up interest rates around the world. It says the country's requirements can be met from

West Germany's trade surplus. Moreover, careful monetary control by the West German authorities should ensure that inflation does not reach dan-gerous levels in the east.

Khmer Rouge fighters close in on capital

By Robin Pauley, Asia Editor

KHMER ROUGE guerrillas in Cambodia appear to have made their most significant gains in 11 years of fighting. In a series of attacks this

week the group has overrun towns near the capital Phnom Penh and forced the evacuation of thousands of civilians. according to reports reaching Bangkok.

The attacks by Poi Pot's small but effective band of guerrillas is stretching government forces already hampered by political infighting in

Although the reports are unsubstantiated and previous ones have proved inaccurate or exaggerated, diplomats are giv-ing the latest claims increasing

The government is in danger of falling apart," a Bang-kok-based diplomat said. Military losses and internal dissent over what action to take on a economic blockade by the west is bringing the government of Hun Sen closer to collapse.

According to reports slowly coming out of Cambodia, during a recent guerrilla attack on the Kompong Thom area north of Phnom Penh forces used serial hombardment for the first time, inflicting civilian as well as military casualties. Red Cross officials in Phnom

Penh estimate at least 25,000 refugees are fleeing fighting in the towns of Kampot, Kom-pong Speu, Kompong Chinang

and Kompong Thom.
The Hun Sen Government, installed and backed by Vietnam after its 1978 invasion, has been trying to survive alone since the Vietnamese pulled out in September. In the past month it has foiled a coup attempt by dissidents within the Government.

Mr Cham Prasidh, vice min-

ister to the Cambodian Council



Hun Sen: economy close

of Ministers, arrived in London yesterday although it is unlikely any British minister will see him.

Although the British Government is anxious to revise its policy on Cambodia and has stated its opposition to the pos-sible return of the Khmer-Rouge, who killed more than Im people during their four years of rule from 1975, British policy is being determined by Washington.

The US is opposed to any meetings with ministers of the

Hun Sen regime and insists that the economic blockade must continue, although opinions are now divided between the White House, State Department, Pentagon and Congress about what policy to follow. Senator George Mitchell, Senate majority leader, has challenged the State Depart challenged the State Department, saying US policy in Cambodia should be aimed at isolating the Khmer Rouge and that the US Administration should enter direct dialogue with the Phnom Penh to ease restrictions on humanitarian

By David Housego in New Delhi

INDIAN AIRLINES, India's domestic carrier, might soon be allowed by the government to resume flights of the Airbus A-320, according to senior offi-

The possibility has opened up in the wake of the difficulties the airline has experienced in leasing the 14 Airbus A-320s that were grounded in February after another A-320 crashed at Bangalore. Officials say that the response to the leasing offer has been "not very encouraging" because indian Airlines were only willing to release the aircraft for an initial period of six months.

The airline has received a better response to its offer to sell the four

A-320s which it was due to take delivery of in March but which still lie on the tarmac in Toulouse where Airbus has its headquarters.

A controversy over the ownership of these has arisen: Airbus Industrie says that as Indian Airlines has still to pay 85 per cent of the price they do not yet own the planes.
Officials expect the cabinet to be

asked to take a decision on whether

to resume flights within the next fort-

But signs that government thinking is moving in this direction are that the Directorate General of Civil Avia-tion has asked Indian Airlines to ensure that the aircraft are ready to

fly and that pilots training has been kept up to date. The airline has already been authorised to use the

A-320 for flying freight.

Mr Arif Mohammad Khan, the Minister of Civil Aviation, has repeatedly said that there would be no resumption of passenger flights until the government had received the report of the judicial inquiry into the February crash. The court of inquiry is expec-ted to begin its final deliberations on July 2 - thus raising the possibility that this objection could be removed.

Decisions on a resumption of operations come at a time when there are likely to be substantial managerial changes at Indian Airlines. Mr

P.C. Sen who has been acting manag-ing director of the airline since the crash is likely to step down this weekend. His deputy will then take over for an interim period before a new

managing director is appointed.

The grounding of the A-320 has cost Indian Airlines — which expects to report a loss for the year ending March — Rs484m (£16.3m) for the 19 weeks during which flights have been suspended, according to government estimates. Though a leasing of the 14
A-320s currently grounded in India
now seems unlikely, the airline
remains keen to sell the four aircraft in Toulouse for the cash the sale would provide.

Indian Airlines says it has received many offers for the airplanes - some above the price it agreed to pay Airbus Industrie. Airbus, however, is raising objections to the sale both because it claims still to be the owner because it claims still to be the owner and also because the warranty and spare agreements that go with the A-320 were drawn up with Indian Airlines. Airbus also wants Indian Airlines to shoulder the cost of the Indian carrier failing to take delivery in March

A further factor in favour of a resumption of flights is that Indian Airlines has run into difficulties in leasing aircraft from other airlines to make good its shortage of capacity.

UK companies

NEARLY one-third of British companies with industrial investments

in Africa disposed of their holdings dur-ing the last decade and they are unlikely to return despite the emphasis

being placed on private investment by the World Bank and other development

agencies.
This is the gloomy conclusion of a rare study of corporate attitudes to investment in sub-Saharan Africa published in the latest edition of the Over-

seas Development Institute's Develop-

ment Policy Review.

The study says 43 out of the 139 British companies involved in English-speaking Africa withdrew their investments in the region between 1979 and 1989. Some of these withdrawals covered more than one country and the largest number of individual cases affected Kenya (10), Nigeria (23) and Zimbabwe (37).

Despite the more open attitude to for-eign investment being adopted by many

eign investment being another by many African countries, the study, which was written by Mr Paul Bennell of Harare University, suggests that the current spate of calls from top Western officials for more investment flows are likely to fall on deaf ears.

Paradoxically business conditions for British industrial ventures in Africa

have been made even harder by the economic reform programmes instituted by the World Bank and International Monetary Fund, it says.

These have led to to "massive" currency devaluations which have reduced the cheding value of most remittances.

the sterling value of profit remittances and the value of the investments them-

selves. More serious yet is the prospect

of large reductions in import tariffs and other trade barriers that threaten the

viability of key industries in Africa.

Effective rates of return have fallen sharply and the unwillingness of Brit-

ish companies to inject more capital into their African subsidiaries has left

sell African

investments

By Peter Montagnon, World Trade Editor

Group seeks talks on Kashmir

By David Housego

A GROUP of academics and A GROUP of academics and former politicians has attempted to break the deadlock between India and Pakistan over the Kashmir issue.

A statement issued by 27 Indians and Pakistanis including former foreign secre-taries, judges and ministers — calls for an early meeting between the prime ministers of the two countries. The group says the meeting should be without pre-conditions and in the framework of the Shimla agreement, which provides for restoration of normal

Among those who signed the statement were Mr Jagat Mehta and Mr A.P. Venkates-waran, both former Indian forwaran, both former initian foreign secretaries, and Mr
Mohammad Yaqub Ali, a former Chief Justice in Pakistan.
The call, which is believed
to have been approved by both
governments, coincides with
an easing of tension following
agreement on a meeting of foreign secretaries in Islamahad

The meeting was arranged under strong pressure from the US and other nations anxious to see India and Pakistan resuming a dialogue. As sub-stantial differences remain between the two sides, hopes of any real progress are not

India refuses to consider separation of the state and insists that current insurgency is an internal problem. Pakis-tan calls for Kashmiris to be given the right to self-determination and for an end to repressive measures by the Indian security forces.

Reflecting the continuing

violence in the state, three people were killed and five wounded in separate incidents in the Kashmir Valley yester-day. A curfew was relaxed during much of the day in Sri-nagar, the capital of the

Troops fire on Liberia protest

LIBERIAN soldiers ran through Monrovia firing wildly yesterday after dispersing protesters calling for the resignation of President Samnel Doe, Reuter reports from

At least five people were wounded when troops fired automatic rifles into the air to stop several thousand demonstrators marching on President Doe's mansion. The inci-dent triggered shooting throughout the capital for nise that the problem still exists, we have made a strong and concerted effort to reduce fake products in both the domestic and international market and our perception is that the problem has substantially decreased".

Mr Kim's remarks follow a report issued earlier this week by Union des Fabricants (UDF), an organisation representing some of Europe's leading trademarks, which said that Korea had failed to limit the sales of fake products and which urged a series of new mea-

more than two hours.
Protesters dived into houses for protection. In one brick sharty, students, reporters and market women crouched as bullets flew. A mother calmly breast fed her child, ignoring the soldier outside who emptied two magazines into her yard.



Death toll climbs as Zambian riots spread

By Mike Hall in Lusaka

RIOTING and anti-government demonstrations yesterday broke out in Kafue, 30 miles south of the Zambian capital of Lusaka, as violent protests against food price increases entered a third day.

Troops were sent in to restore order after rioters looted shops. Detainees were held in the town's stadium. A round-the-clock curfew has failed to curb violence in Lusaka, where President Kenneth Kaunda has been meeting advisers.

At least 20 people have died in rioting, according to hospital officials, and many more remain critically

In the capital large crowds, defying the curfew imposed on Tuesday night, gathered in several outlying town-ships shouting anti-government slo-

SOUTH KOREA is making considerable progress towards reducing the production of counterfeit goods, a government anti-counterfeiting organisation

anti-counterfeiting organisation claimed yesterday.

Mr Kim Chulsu, commissioner of the Korea Industrial Property Office (Kipo), which reports to the Ministry of Trade and Industry, said that "while we recognise that the problem still exists, we have noted as extended."

By John Ridding in Secui

gans and calling for President Kaunda to resign.
For several hours automatic gunfire

could be heard in two of the biggest troublespots — the neighbouring townships of Muthendere and Kalin-galinga — where some of Lusaka's poorest people live in makeshift

There was an eerie silence in the city's main business district as most people respected the curfew and stayed at home.

Thousands of township residents attacked and looted several commercial farms about 15 miles east of the centre of Lusaka. Security forces res-

cued several families.

Officials are worried that, as most shops have already been looted and food supplies are unobtainable, mobs

sures to combat the problem.

According to Kipo, there has been a sharp increase in the number of sei-

autre of counterfeit products. The organisation says that whereas 8,257 articles were confiscated in 1988, 153,250 items were confiscated in 1989 and 186,541 between January 1 and June 20 its the correct products.

in the current year.

The increase is attributed to intensi-

The increase is attributed to intensified control over the manufacturers and the main distributors of fake goods. Kipo, which estimates the annual value of domestic sales of counterfeit products at over \$100m, also said that it is pressing for stiffer sentences for those convicted of such offences.

But the UDF argues that while the number of seizures and raids on coun-

terfeit producers has increased, there has been little impact at the level of

South Korea claims successes in

combatting counterfeit goods

may turn on private houses in the city.

Trucks of maize were brought into

Lusaka under army escort. However, supplies for the security forces, many of whom have been on duty through-out the unrest, have been given prior-

police spokesman said 550 people had been arrested during the first two days of rioting. A team of investiga-tors was "screening" detainees to find out who were agitators. Innocent peowould be re Kitwe and Ndola, two important

copper mining towns, remained peace-ful yesterday. Mobs had thrown stones at passing vehicles on a main road near Kitwe on Tuesday and a government shop was looted.

US Peace Corps to

leave Philippines

By Greg Hutchinson in Manila

WASHINGTON is to withdraw all 261 of

the American Peace Corp volunteers from the Philippines following intelligence reports the US Peace Corp would be the next target for communist

The aid workers live and work for 12

the communist New People's Army who have always been lukewarm to the vol-

the remote countryside.

The bulk of the volunteers have arrived in Manila, having been ordered there last week.

Returns are still somewhat higher in the non-industrial sector, which suggests that British investment in Africa gests that brisis investment in Ariza will become increasingly concentrated in resource-based sectors with export potential, while sectors such as elec-tronics and information technology

them undercapitalised.

remain neglected. Ghana, Gambia, Kenya, Liberia and Sudan are attempting to reduce the national market orientation of their investment flows by creating export processing zones, but none have yet succeeded in attracting any significant

ind. T

Can in the control of the control of

Amnesty accuses Sudan military of torture

THE Sudanese military government, which seized power from the civilian administration in a coup in June last year, has been accused by Amnesty international of using torture, Michael Helman mains months or more in communities in far-flung parts of the archipelago. Some of the areas are under the influence of Holman writes. unteers' activities and have accused some of being spies.

A US official, announcing the suspension of the Peace Corp programme, said the move was regretted but necessary given the seriousness of the threat and the volunteers' extreme vulnerability in the programme.

In the past six months over 60 prisoners have been tortured in secret interrogation centres in Khartoum, the London-based human rights organisation said in a statement yesterday. Since the coup "hundreds of political opponents have been detained and many others have been executed," Amnesty alleged, adding it has details of over 200 political leaders, trade universe. cal leaders, trade unionists, academics, and lawyers held without trial.

Rulers keep wary eye on Malaysian labour reform A rapid growth in the workforce could see unions increasing their power, writes Lim Siong Hoon

fax (0993) 813244, Oxon OX17 3NA, UK

THE CAMBODIA TRUST UK Registered Cherity No. 802972.

Roland Joffe, Director of 'The Killing Fields' asks:

CAN YOU GIVE IMMEDIATE PRACTICAL HELP TO AVOID A SECOND GENOCIDE?

Please assist us to find emergency funding for the following carefully targetted projects:

1. 200 amputees a month; a no longer wanted workshop to make

modern prostheres, £35,000 (\$59,500). Fares and expenses for European experts to give gratis urgent medical and fiscal advice: £15,000 (\$25,500) [first phase.] 3. The first two CB HF dial telephones to link hospitals £6,000

(\$10,200) [full scheme £30,000 (\$51,000)]. 4. PC IBM compatible computers using Khmer alphabet -£1,000 each (\$1,700). Good used machines welcome. 5. There is an urgent need for prosthetists.

sumer products group, sacked 1,000 workers at its Malaysian plant last week. This week it is rehiring them.
This is not the flasco it appears, however. While victory belongs to Hitachi, the episode offers a salutary lesson in the fight looming over the

direction of wage and labour reforms in Malaysia.
Supported by a Government ruling to accept only in-house unions in the electronics sector, Hitachi, which operates a television components

plant near Kuala Lumpur, had rejected worker demands to join a national union. The staff went on strike to press their claim and to try to secure the reinstatement of eight colleagues dis-

missed earlier. The workers have now returned to work without any changes to their terms of employment. Although Rita-chi had wanted to use the rehiring as an opportunity to cut wages, it has now backed off this proposal at the

Government's prompting.
But there will be no membership of a national union and the rehired workers are being required to sign prepared letters apologising for the strike. About a dozen of the workers, presumably strike organisers, are not being rehired. Watching closely over the tussle is

TITACHI, the Japanese con- the Government. Wage and labour reforms in Malaysia are driven in part by changing features in the economy. The labour force of 7m is growing at 3 per cent a year, with fewer than 10 per cent of workers unionised. Privatisation of government-owned enter-prises could boost this number. The unions have been increasing their political clout and several lead-

ers of the Malaysian Trades Union Congress (MTUC), an umbrella body grouping 138 unions and 500,000 members, have formed an alliance with political opponents of the Govern-

Malaysia is embarking on rapid industrial growth; investment already in place includes M\$12bn (£2.5bn) approved last year and M\$17bn cleared in this year's first quarter. This covers steel and chemical production and consumer and industrial products. Up to 1m jobs would result from rapid manufacturing growth.

from rapid manufacturing growth.

The electronics industry, largest of the manufacturing employers, has more than 100,000 people on its payroll, most of them engaged in labour-intensive chip assembly operations.

In pioneering or vital industries such as electronics the Government such as electronics the Government favours no-union status and, alternatively, in-house unions. As companies are left to define for themselves what constitutes an electronic, as opposed to an electrical, component they have

considerable room to determine the kind of union allowed on their prem-

In-house unions have been established in a handful of companies, including RCA, Siemens, Mitsubishi and Thomson. Workers who insist on a national union turn to the Electrical industry Workers' Union (EIWU). Hitachi became the latest arena for the EIWU to test its appeal, and the

definition of electronics. The Human Resources Ministry then entered the fray as a friendly arbiter, blaming "outside interference" for triggering the strike. Hitachi was encouraged to "give and

Julion militancy is a rarity in Malaysia, where vigorous employment laws and periodic collective agreements, pegging wage scales to price indexation, have contributed to a relatively strike-free environment.

Between January and June last year peninsular Malaysia recorded seven strikes and 5,000 working days lost. During the 1985 recession the comparable figures were 22 strikes

and 35,000 days lost.
Yet there is a fear, among even liberal economists, that industrial restructuring would lead to the kind of militancy evidenced at Hyundai factories in South Korea.

Paradoxically, the calls for wage and labour reforms have focused on models in Japan, South Korea and Taiwan – the main sources of Malay-

sia's foreign investments.

One aspect of wage reform requires the dismantling of existing methods for a flexible, or "flexi-wage," system based on a company's ability to pay.

The present contractual mode of annual incorporate and homeonic. annual increments and bonuses is considered too rigid. It provides companies with no flexibility to cut wage cost during a slump; in the 1985/86 recession, for instance, wage rates rose by 13 per cent while product prices fell by 14 per cent. prices fell by 10 per cent.

The Malaysian Institute of Eco-nomic Research, a private think-tank group whose ideas have increasingly gained currency among policy-makers, argues that a flexible wage system would have stemmed a rise in unemployment levels.

So far, however, flexi-wage has remained a theoretical model for man-ufacturing companies. The MTUC remains suspicious of it, seeing the disadvantages stacking up against their blue-collar members.

A form of flexi-wage already exist

in the plantations, where tappers rank as one of the country's poorest groups. This is "living proof" of an unequal system, unions claim. Nevertheless, the Government seems determined to push the idea

through by setting its own example. Last week the Finance Ministry announced the system would be introduced in future privatised enterprises. By doing so the unions suspect that reform proposals could evolve into policy which, in Malaysia, effectively becomes law.

Flexi-wage has the far-reaching con-equence of passing the risks of cost and price fluctuations to workers. But and price incumations to workers. But unions will face pressures to relent if the Government can foster the belief that more jobs can be saved during

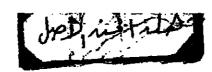
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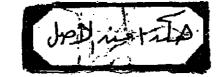
A series of meetings are to be held later this year among representatives of the Government, employers and unions to discuss these reforms.

Dr Mahathir Mohamad, the Prime Minister, is already on the offensive. On June 17, a day before the Hitachi strike broke out, he told a rally that industrial strife benefited no one. The future of more investments and more future of more investments and more jobs depended on an acquiescent

labour force. His Government faces a general election with a booming economy but persistently high unemployment rates, hovering near 8 per cent since

Full employment, Dr Mahathir said, was within reach. Jobs would be created not by unions but by the Government. Employers like Hitachi believe jobs are created solely by companies.





Milken to

be probed

further by

the FDIC

Insurance Corporation (FDIC) in the US is to launch a new

probe into the affairs of Mr Michael Milken, the billionaire former junk bond innovator at

Drexel Burnham Lambert, the

with both Mr Milken and

The new task force will will consider possible criminal referrals to the Justice

By Alan Friedman

in New York

320% again Bush draws up Latin American recovery plan

By Lionel Barber in Washington

PRESIDENT George Bush has drawn up an economic plan for Latin America, which looks to increased trade and foreign investment to help the region's heavily indebted economies.

The initiative aims to blunt Latin American criticism of the debt reduction plan named for Mr Nicholas Brady, US

for Mr Nicholas
Treasury Secretary.
It is also intended to counter
fears that the US has become fears that the US has become too preoccupied with Europe at the expense of its own southern neighbours, many of which have recently returned to rule by democratically elected governments.

The White House made publication of Mr.

The White House made public yesterday some of Mr Bush's prepared remarks before a keynote speech on Latin America later in the day. "Prosperity in our hemisphere depends on trade, not aid. And prosperity requires more, not less, of an economic partnership," Mr Bush said. In line with the administration's general approach to for-

tion's general approach to for-eign aid, Mr Bush was expected to call on Japan and the European allies to become

The new measures - which follow a three-month interagency review - are intended to supplement the debt reduction strategy put forward last year by Mr Brady.

year by Mr Brady.

The Brady plan placed more emphasis on offering relief for heavily indebted foreign countries, mainly in Latin America.

The Philippines, Costa Rica — and most notably Mexico — have negotiated agreements under the Brady plan. Venezuela is doing so.

But other hig debtors, such as Brazil and Argentina, are a long way from qualifying for treatment under the Brady plan. Also, the administration is sensitive to criticism that its preoccupation with combating drug-trafficking in and beyond

drug-trafficking in and beyond the region has distorted its

overall policy.

Discounting narcotics-related aid, US assistance to Central and Latin America is declining, despite the recent special assistance to Panama and Nicaragua.

pepartment.
Mr Alfred Byrne, FDIC general counsel, said it and Resolution Trust Corporation, the agency set up to handle the rescue of the US savings and loan industry, might be among the largest creditors in the Drexel bankruptcies.

Mr Milken, who will be sen-Mr Milken, who will be sentenced this antumn, agreed in April to pay \$600m in fines, and pleaded guilty to five securities law charges and to the securities law charges are the securities law charges and to the securities law charges are the securities are the securi This is due to budgetary con-straints in the US, as well as the continuing favoured status of countries like Israel, Egypt, Pakistan and the Philippines.

AMERICAN NEWS

US keeps the comrade at arm's length

Lionel Barber assesses a mixed reception during Nelson Mandela's Washington visit

URING his three days in Washington, Mr Nel-son Mandela was treated as the leader-in-waiting of South Africa's first postapartheid government. He spoke to a joint session of Con-gress, he had a three-hour audience, plus lunch, at the White House, and his motorcades were almost as long as

President Gorbachev's. But, on his way yesterday to Atlanta during his 12-day US New York securities house, who admitted in April he was guilty of six federal felonies.

The FDIC said yesterday it was forming a special task force, as part of increased efforts to recover millions of dollars lost by depository institutions in junk bond deals with both Wr Milken and tour, the 71-year-old deputy president of the African National Congress must have known that, for all the courtesy and bonhomie, President George Bush is no soft touch. On the issues of importance to Mr Mandela – sanctions against South Africa, financial assistance to the African National Congress, and the

> struggle against apart-heid - Mr Bush gave not one inch. He made clear he would continue to press the ANC (as well-as all other parties to the conflict) to renounce violence. He informed the black nationalist that the US would not directly fund the ANC. Also, he rejected Mr Mandela's appeal to be consulted on when to remove sanctions against South Africa. The President's

> only promise was to consult Congress, in line with the pro-visions of the 1986 Comprehen-

sive Anti-Apartheid Act.
Mr Mandela appeared suffi-ciently joited by Mr Bush's call for an end to violence that he took the unusual step of repri-manding the President for being inadequately briefed on conditions in South Africa. For Mr Bush, an old CIA hand who prides himself on reading his intelligence briefs, this was an

Washington was always going to be the most difficult stop on Mr Mandela's schedule, partly because of Mr Bush's declared desire to show a gesture of support for the reform-ist South African President ist South African President F.W. de Klerk. Besides, no US president is likely to feel comfortable embracing a left-inclined head of a liberation movement such as Mr Mandela, still less a man who calls President Fidel Castro, Colonel Muammar Gadaffi and Mr Yas-in American Carte of the Castro, and Mr Yas-in American Castro, and Mr Yas-in Castro, and American Mr Yas-in Castro, and Mr Yas-in Castro, and Mr Yas-in Castro sir Arafat "comrades in arms".

Mr Mandela did his best bridge the divide. The former boxer spoke on Monday night of his admiration for Joe Louis, the black American heavy weight boxing champion who had been given a chance to rise to the top of his profession. He described the private sector as "an engine of growth" and declared that the ANC had no ideological position which dictated a policy of nationalisa-

In his speech to Congress.

Mr Mandela likened his battle against apartheid to the fight for justice pursued by George Washington, Thomas Jefferson, Abraham Lincoln and Dr Martin Luther King. The applause flowed, but more memorable was the silence as Mr Mandela, too didactic, sought to educate members on the history of the

"This was a big opportunity missed," said one informed African observer in Washington, "Mandela had the chance to make a big sales pitch for financial aid, and he failed to take it.'

ongress has already set aside about \$10m of taxpayers' money this year to be dispensed by non-govern-mental US organisations, such as the National Endowment for Democracy, to help black South African groups. The key condition is that such groups "suspend violence in the con-text of negotiations". By promising an imminent "cessation of hostilities", Mr Mandela may have done just enough to qualify for indirect aid.

This week, he spelt out that "a cessation of hostilities" would occur once the de Klerk government had removed the remaining obstacles to negotiations on a new constitution. These include return of 20,000 political exiles, release of 1,000 political prisoners, repeal of

repressive legislation, and full removal of the state of emer-

Although Mr Mandela expressed confidence on this point, many observers believe such an agreement with the Pretoria government could be several months away. Even so, Mr Herman Cohen,

Assistant Secretary of State for African Affairs, conceded this week that a deal on political prisoners, coupled with the lifting of the state of emergency in the province of Natal, would be enough to allow Mr Bush to recommend suspending or modifying sanctions.

Under the Anti-Apartheid Act, the US Congress has 30 days to consider such a recommendation.

Unless, within that period, the House and Senate were to pass a joint resolution against the President's recommendation, he would have the authority to modify or suspend the sanctions (which include a ban on new US investment, a ban on imports of certain commodities and on air links between the US and South Africa).

A question causing more than a little nervousness at the State Department is: What happens if reform in South Africa moves more rapidly than expected? What happens to the bipartisan policy with Con-gress on South Africa once the common enemy of apartheid is



removed? Most important of all, has Mr Mandela's trip changed the equation? Only Mr Bush and his friend Mr James Baker, US Secretary of State, can deliver the answer. Much will depend on their calculation of whether Congress will tolerate support for Pretoria, and bow acceptable that would be in this Con-

US growth firm as leading indicators rise

Department yesterday reported a strong May rebound in the index of leading indicators, Reuter writes from Washington. The index rose 0.8 per cent last month, following a revised 0.1 per cent drop in April. The May increase was bigger than most economists had expected. The latest evidence of faster growth probably means the Federal Reserve Board will maintain a policy of containing

inflation, financial analysts The Department said the May rebound stemmed from an increase in the length of the work week, higher prices for raw materials and increased

orders for consumer goods. The rise in the stock market in the month was the other main positive influence, and rately forecast the index. Last week the department reported a strong rise in orders for dura- manufactured items meant to last three years or more. The economy grew at a 1.9 per cent annual pace after inflation between January and

The index's 0.8 per cent May rise suggested that a decline in manufacturing has ended and the risk of recession has sub-

But despite recovery in the industrial sector, persistent sluggishness in consumer ing means the economy is not out of danger, analysts

The strongest negative in the May index was a drop in coneconomy's outlook, a signal that shoppers may become

Shell Chile under fire over toxic waste

By Leslie Crawford in Santiago however, no chemical analysis has been carried out on the

CHILEAN environmentalists have denounced a toxic waste dump in the Atacama desert which threatens to pollute the water supplies of the city of Antofagasta and to contami-

Antoragesta and to containinate the Pacific Ocean.

According to the National Committee for the Defense of Flora and Fauna (Codeff), Shell Chile has used the site, located about 30 miles south of Antofarants and the products of the site of the si gasta, to dump by-products from the manufacture of chemical reagents for the mining industry for the past 10 years. The waste material was not

sealed in containers, but poured directly into a pit. When Mr Guillermo Soublette. one of Codeff's directors, dis-covered the site by accident last week, he found a red, transparent liquid floating about 20 inches from the sur-

Shell Chile says the waste material is composed of organic chemicals which pose no health hazard. The company says that the dump was authorised by Chile's National Health Sarvice. Health Service. According to Mr Soublette,

nas been carried out on the site. More than 25,000 tonnes of waste have been deposited in the course of 10 years and this could have percolated down to underground water seams which run from the Andes to the Pacific. Shell Chile says there is no

reason to believe that these subterranean water channels subterranean water channels have been contaminated, but that it has not carried out any geological survey of the area. Shell has promised to study the possibility of recycling the waste material.

Mr Soublette says several nearby industries draw water from underground wells.
Last September, Codeff
brought a legal protection suit
against Pacific Chemical, a Canadian company which planned to export the filings of steel mills, which contained

lead and zinc, for burial in As a result, the military government issued a decree pro-hibiting imports of toxic sub-stances from industrialised countries or their recycling.

Innovative as the technologies they use.

as the solutions they create.

Competitive as the offers they make.

Quebec starts on constitution

By Robert Gibbens in

QUEBEC has begun work on its own constitution to lay out terms for future relations with Canada, Mr Gil Remillard, the Justice Minister said.

But he told the Patronat, the employers' organisation, that Quebec still sought a federalist solution to the country's problems following the failure of the Meech Lake Accord. The new federal link, he said, would be enshrined in Quebec's own constitution.

However, Quebec business leaders, including those who strongly backed Premier Robert Bourassa's attempt to have Quebec declared a "distinct society" and to gain more powers over culture and immigra-tion, said they wanted Quebec to remain part of Canada and to concentrate on solving economic problems.

They also want Quebec to lorge closer ties with Ontario, its largest trading partner.

Contra leaders hand over weapons

By Tim Coone in Managua

THE ENTIRE leadership of the Nicaraguan Contra rebels, handed in their weapons to UN troops yesterday, so complet-ing the demobilisation of their army which was founded and sustained for almost nine years by the US Government.

The Contra military chief,
Mr Israel Galeano, otherwise
known as Commandante
Franklin, said "the war in Nicaragua is over.

Almost 20,000 Nicaraguans have been formally registered as demobilised rebels by the UN, although many of these handed over rusted, inoperable

The effective Contra fighting force was estimated to be closer to 12,000 troops. Sixty-two surface-to-air "Red-eye" missiles, the most lethal weapons in the Contra armoury, were decommis-sioned on Tuesday.



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presented to British Nuclear

the end of August. Mitsubishi said in Tokyo that its feasibility study was for a plant worth about 300hn Yen. Mitsubishi has yet to decide whether to propose one 1,200 megawatt reactor or two 600 MW reactors, but it will use the reactor design it has developed for Japanese power

Mr Derek May, BNFL's director of corporate development, said yesterday that the com pany was seeking a reactor sign which was well proven in other parts of the world "There isn't exactly a glut of orders around the world at the moment, so all the big suppli-ers have shown an interest."

launching electricity privatisa-tion)," said Mr Wakeham in a letter to the energy committee, which also criticised the report

"men also criticised the report for containing unjustified per-sonal criticisms."

However, Lord Marshall, who resigned as chairman of

the Central Electricity Gener

ating Board in November after the collapse of the attempt to

privatise nuclear power, was also strongly critical of Mr Par-

at the beginning of the privati-sation process that if he adopted his particular scheme for privatisation, he would be forced to kill off nuclear power," said Lord Marshall.

A row broke out yesterday at a press conference held by the

select committee to present its

report, when two Conservative MPs, Mr Malcolm Moss Moss

ated themselves from the para

graphs criticising Mr Parkin-

on the committee had removed an attack on Mr Parkinson for behaving in a "dilettante"

manner from an earlier draft of

The Conservative majority

and Mr Michael Stern, dis

"I told Cecil Parkinson right

Ministers face attack over N-power privatisation

TWO CARINET Ministers. Mr gramme are some of the conse-Cecil Parkinson and Mr Malcolm Rifkind, were severely criticised yesterday by the Conservative dominated Commons Energy Committee for mishandling the attempt to privatise Britain's nuclear power

Its report on the cost of nuclear power, published yes-terday, contains one of the sharoest attacks on Government incompetence ever issued by a select committee.

The report is scathing about

the long-term failure of the Department of Energy to moni-tor adequately the costs of

It also criticises aspects of the advice on nuclear costs given by Kleinwort Benson. which remains the Energy Department's merchant bank for electricity privatisation. Kleinwort Benson refused to comment last night.

The need to subsidise nuclear power to the tune of £900m a year through a levy on electricity bills, the creation of a less than fully competitive privatised electricity market and the collapse of the pressur-ised water reactor nuclear pro-

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quences of the Energy Depart-ment's mistakes identified in

Mr Parkinson was the Minis-ter initially responsible for electricity privatisation until he was moved to his present post of Transport Secretary. The report says he made inadequate preparations for the privatisation, failed to obtain the necessary information, gave insufficient priority to nuclear issues and paid insufficient attention to the advice of his financial advisers. Mr Rifkind, responsible for electricity privatisation in Scotland as Scottish Secretary, committed similar errors and presided over the "inexcus-able" mistake of not trying to find out the true cost of

the day Mr John Wakeham, who abandoned the attempt to privatise nuclear power last November after he had suc-ceeded Mr Parkinson as Energy Secretary, last night tried to rescue his predecessor's reputation.

nuclear generation until late in

"Cecil deserves real credit for his determined action (in

£750m to boost airport safety

By Paul Abrahams

CAA allocates

MORE than £750 million is to be invested in sophisticated air traffic control technology to improve passenger safety and cope with increasing traffic, the Civil Aviation Authority announced today.

CAA chairman Sir Christopher Tugendhat told a news conference: "Our aim is to improve safety as well as to increase capacity."

The money will be spent over seven-years in response to predictions that air traffic brough London will increase by as much as 30% by 1995. Mr Derek McLauchlan, direc-tor-general of projects and engineering, said he hoped to see an improved conflict alert

system by the late 1990s.
This would detect 20 minutes in advance aircraft likely to fly too close to each other. Pr systems can give only a five

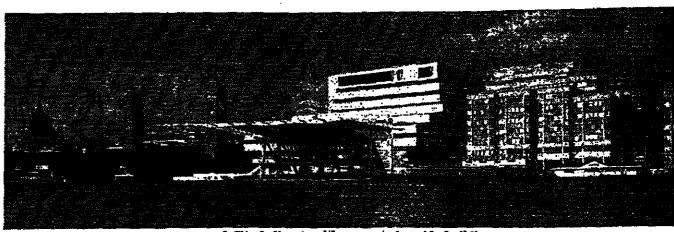
imute warning. He forecast that air traffic controllers would soon have bigger and better radar displays and improved computer

One of the most significant projects in the investment plan is the central control function (CCF) which is expected to increase the capacity of London's present sky lanes by using so-called "tunnels in the Other key elements include a

Scottish radar programme and a new en route air traffic con-trol centre outside the CCF. This would cope with the predicted 40% increase in air traf-fic capacity over the rest of England and Wales by 1996.

The CAA also spoke of the possibility of another London runway by early next century. More air traffic controllers will also be employed. Sir Christopher added that

se investments were crucial to Britain, and called for a Europe-wide air traffic control



An artist's impression of the proposed City heliport, with present riverside buildings

Heliport storm over the Thames

THE PEACE of the City of London is being riven by helicopter blades. The great and the good of the Square Mile are drawing up in opposing battle-lines to contest the right of a Rangon led contest the right of a Hanson-led consortium to build a City heliport next to Cannon Street Station on the Thames.
Today the two sides opposing and proposing the heliport will clash at the City Corporation's Court of Common Countries. cil when it will decide whether to give its assent for the the

liport's construction. The battle-order of the two sides is impressive. Lords, knights and gentlemen abound in the green corner, amongst others, is the seventh Lord Camoys, otherwise known as the deputy chairman of Barclays de Zoete Wedd (clubs: Boodle's and Pratt's); Iain Vallance, chairman of British Telecom; the benchers of the Honourable Societies of the both the Inner and Middle Temple; the liverymen of the Worshipful Company of Fishmongers; and those of the ecologically somewhat doubtful Worshipful Company of Tobacco Pipe Makers and Tobacco Blenders.

In the other corner is a con-sortium called City of London

Heliport, led by among others, Lord Hanson (clubs: Brooks's, Huddersfield Borough) and Sir Kit McMahon, chairman of Midland Bank, together with companies such as the Carroll Group, BAA, formerly British Airports Authority, and Trafalgar House. Their proposals are backed by worthy institutions such as the Stock Exchange, Lloyd's, the Confederation of British Industry and the London Chamber of Commerce and

Industry.

The decision today by the Court of Common Council will not be definitive. The Secretary of State for the Environment has called the matter in for a public inquiry. But City of London Heliport admits the council's decision will not beacademic and the Secretary of State is likely to note its advice. The City Corporation, which discussed the issue ear-lier this month, has recommended the council to block

the heliport.
The main objections to the plan are linked to environmen-tal and safety issues. Lord Camoys explains that the numerous take-offs and landings at the heliport would intrude heavily on buildings throughout the City. This

would be particularly true in the old single-glazed halls of the City livery companies and in the Inns of Court. City chairmen are now

talking apparently knowledge-ably about NNI - which the explains is a composite mea sure of exposure to aircraft noise taking into account the average peak noise level and the number of aircraft in a specific period. Sir Gordon Booth, a director

of City of London Heliport, explains that after takin off the helicopters would fly along the river until they reached a height of 1500ft when they could fly directly to their destinations. He argues that at this height the amount of additional sound from the helicopters to the existing ambient noise is minimal. He says that a trial at the City of London School demonstrated there was not a noise problem.

Naturally, those objecting to the scheme disagree. The Worshipful Company of Fishmong-ers recently carried out tests at its hall, the results of which it describes as disastrous. Apparently, conversation became A further objection is the question of safety. British Tele-com has pointed out that the heliport will be right next the company's international exchange. If an accident were to occur, the City's overseas communications could be

severely disrupted. Sir Gordon says the risks of accidents are minimal. The aircraft which would be used at the heliport are twin-engined. Similar helicopters have operated at the Battersea heliport for 31 years during which there

none of which was fatal. Busy heliports already oper ate in New York and Paris. But those in the City gleefully expecting to use the heliport to whisk them off to Heathrow or Epsom over London's undoubted traffic problems may be disappointed, however. cessfully be leveled at the pro-posed beliport is elitism. The aircraft which would be licensed to operate from Cannon Street are normally configured to carry a maximum of about six passengers. With only about 20 take-offs and landings each working day, there will be room for a few Lords, the odd knight, but few ordinary ladies and gentlemen.

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Elf enters industrial gas market

ELF Aquitaine, the French so far proved fruitless, with state-controlled oil group, has indirectly entered the UK industrial gas market by acquiring a 45 per cent stake in Associated Gas Supplies (Agas), which has been struggling to establish itself in competition to British Gas as a graphic to industrial and expense. supplier to industrial and commercial consumers.

Elf's presence as a large shareholder in the company looks certain to boost Agas's chances of successfully claim-Agas's efforts to negotiate a contract for gas supplies have

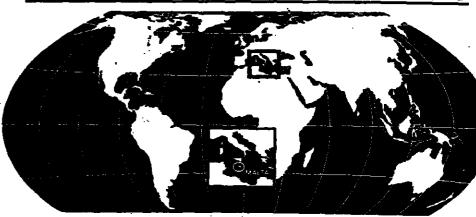
gas producers preferring to sell gas either to British Gas or to

However, Mr Pierre Mouseel, managing director of Elf UK, said: "We could help them to have gas supply for their trade." Elf has a number of gas discoveries which could noten tially be made available to Agas. Both Mr Moussel and Mr Alan Marshall, managing director of Agas, stressed that deals between the companies

a large, committed participant in the British market, would lend stability to Agas and increase its credibility with

Elf purchased the stake from Hadson, the US energy com-pany whose business had come under pressure in the US. Hadson was a founding share-holder with Associated Heat Services, which retains its con-trolling 55 per cent interest. Elf has spent hundreds of millions of pounds to expand

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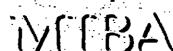
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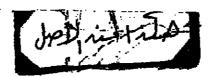
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UK NEWS

ALLEGED LONDON SHARE DEALING RING

City brokers' records face scrutiny

Gentle note ends the Rover affair

Office.

and £600m.

Lucy Kellaway and Charles Leadbeater on the Brussels ruling

THE records of up to 15 different brokerage houses are being examined by the Serious Fraud Office and City regulators investigating an alleged share dealing ring connected to the collapsed Dunsdale Securities company.

The involvement of the SFO

emerged yesterday as attempts to track down illicit deals intensified and further details emerged about the events which triggered Dunsdale's col-

lanse. The brokers, one of which handled a large proportion of Dunsdale's business in the months before its suspension were used by the investment firm to make its share transac-

A dealing ring is based arnund an agreement between employees of different securities houses to pool price sensi-

ontrary to its billing, yesterday's long-awaited European Com-

mission decision on Rover was

not the main event. In musical

terms it was the coda - the notes which bring a piece to a

That was how Sir Leon Brittan, the Competition Commis-

sioner, chose to present the demand that British Aerospace

must repay £44.4m in state aid

granted illegally.

The main body of the music,

he said, was the Commission

decision in 1988 to cut from £800m to £469m the subsidy the

British Government was pro-

posing to pay Rover's new

Sceptics might argue that by

emphasising how tough the Commission's original verdict

was a soft decision yesterday. Many feel that Rover has got

off rather lightly.
The most doubtful part of Sir

Leon's sums was the original price paid for Rover by British

Aerospace. In trying to prove that there could be no case for

demanding a higher payment,

Sir Leon seems to have used

satisfactory close.

on Rover was, Sir Leon was simply seeking to deflect criticism from what many argued

tive information for the pur-pose of making illegal trading

City regulators are concentrating their investigations on a handful of individuals, at least two of whom were recently suspended by their City firms - the Swiss Bank Corporation and Barclays De Zoete Wedd Zoete Wedd.

However, there is considerable confusion over how far the Serious Fraud Office would be able to pursue any individuals involved with accounts als involved with accounts held by Dunsdale. In particular, it is not clear whether existing insider dealing laws cover the alleged deals which involved a technique known as

front-running.

This is where parties deal in the market knowing that a large transaction is about to occur which will move prices

ing out of the hat a surprise extra \$40m British Aerospace might have to repay some time

This amount turns out to be

uncontroversial, simply repre-

senting an estimate of unspent

aid paid against the restructur-ing of Leyland/DAF trucks.

Regardless of the exact sums, the Commission's seven-month inquiry into

Rover/BAe has demonstrated

the difficultly of establishing

objective valuations based on sealed bids.

Sir Leon does not seem anxious to repeat. I personally

would not be enthusiastic about calculating state aid in the future on the basis of

closed deals," he said.

With the touchy matter of undervaluation resolved — no doubt to the great relief of the

Government and British Aero-

space - the remaining area of potential dispute will be over

the notional benefit of defer-

ring the £150m purchase price from July 1988, when it was due to be paid, to March 1990. The National Audit Office

and the Government value this

deferral at £22m, but the Com-mission argues that it never

The whole experience is one

in their favour. Although this is in breach of City securities regulations, officials say it might not be enough to bring charges.

The individual who left Swiss Bank Corporation last week was Mr Gareth Robertson, the former director of the bank's equities group. Regulators from The Securities Association have questioned him concerning allegations over share dealings connected with Dunsdale. Mr Roberston is in France according to neighbours and not available for comment. The TSA would not

Sources close to the bank said Mr Robertson introduced SBC to Dundsale Securities. As a result of subsequent dealings, SBC lost around £1.1m which it is trying to recover.

account in calculating these benefits, and is insisting on its figure of £33.4m. The Govern-ment is not likely to contest if.

have to put up with some com-

plaints of partiality, but at

least he can reply that his

that. He is asking for more back than the £38m sweeteners

found by the National Audit

will have little impact on Brit-ish Aerospace's finances. The

higher borrowing needed to

make the repayment would account for just 2 per cent of

profits. Even if BAe has to

repay the further 240m, analysts say it will have acquired

manufacturer, valued Rover at £520m, while Ford initially cal-

culated it would have been pre-pared to pay between \$400m

The Commission's insistence that BAe should not be given

favourable tax treatment is

unlikely to significantly increase its tax bill.

etails of the Rover joint

venture with Honda, the Japanese motor

the car company cheaply.

The repayment of £44.4m

mands are not as weak as all

Meanwhile, Sir Leon may

are looking at a deal in which SBC purchased 1.6m Reuters shares from Dunsdale which later went badly wrong.

The transaction involving the Reuters shares may have precipitated the collapse of Dunsdale when the firm could not pay for the losses. The failure to pay alerted SBC to Mr Robertson's involvement.

However, SBC said it had no evidence of a share dealing

The Investment Managers Regulatory Organisation (IMRO) is separately making inquiries into the case of a senior fund manager suspended by Barclays de Zoete Wedd Asset Manage-ment. Mr Roland Smith, dep-uty chief executive of IMRO make any comment.

aspects of the ruling are unlikely to have any long term

impact on BAe, it may affect the character of its relations

with the Government as it

copes with declining military

straining the company's rela-tions with the MoD and the Commission's ruling is a signal that it will take a close interest

in the state aid involved in pri-vatisation. That may force the

Government to make its rela-tions with BAe more transpar-

ent. One of the most important

consequences may be to force the Government to reconsider

how it handles the sale of state

corporations to private bidders.

probably ruling out sales in which a bidder is awarded

exclusive negotiating rights.
There will be much closer scrutiny of profits forecasts, the

shareholdings, all of which the National Audit Office says

were underestimated in the

The real significance of yes-terday's decision is that the Commission, like an inquisi-

tive neighbour, is likely to scrutinise the propriety of that

relationship just as it comes

valuation of land and min

But the defence cuts are

Britain in BRIEF



Overseas companies spend £5bn

Overseas companies spent almost £5bn on UK-based acquisitions during the first quarter of the year - easily outstripping the £2.7bn expenditure by UK companies on foreign transactions.
The figures confirm the

growth in UK acquisitions by non-domestic companies – a trend which appears to have been stimulated ahead of the "1992" harmonisation measures in Europe. That development has stimulated interest both from Continental European purchasers and from US/Japanese buyers. In the past three years, according to Central Statistical Office figures, acquisitions in the UK by overseas companies have totalled £2.7bu, £5.7bu

and then £11bn respectively. According to figures published yesterday by the CSO, buyers from the European Community accounted, by value, for about one-quarter of the £4.8bn cross-border deals in the UK. They struck 12 transaction with a value of £1.36bn.

Labour seals reform package

The opposition Labour Party. led by Mr Neil Kinnock, last night set the seal on a package of internal reforms intended to vanguish, in the run-up to the next general election, the old image of an undemocratic party firmly in the grip of the trade unions.

They are intended to lead to a more deliberative form of policy-making and gradually to reduce the influence of the unions in favour of individual party members.

The reforms are among the most fundamental since the party's constitution was written in 1918 and will go to

Labour's autumn conference for approval.

Mr Neil Kinnock believes that the overhaul of the policy-making machinery rank equal in importance alongside his party's policy review and his grip on the ruling national executive committee has enabled reforms previously considered unthinkable to win majority support. The NEC voted for the changes by 21-3.

He said yesterday said the proposals represented "an excellent step forward, both for democracy in the Labour party and effectiveness of our process of policy development". Though there is concern

among the trade unions among the prospect of a diminishing voice in policy-making, Mr Kinnock has managed to win the backing of many by drawing them into the dialogue on proposed changes.



Kinnock: backs reform

US touts at Wimbledon

Wimbledon officials yesterday held talks with their lawyers to find ways of stamping out American crime rings believed to have moved in on the tournament's ticket touting

hosiness. Criminals squeezed out of New York where touting has been banned by tough legislation have moved to England where legal restrictions are more lax,

officials believe. They say it is not just Wimbledon that attracts American crime syndicates.

Doctors plan offensive

Doctors leaders decided yesterday to launch a summer offensive against the Government's health reforms to coincide with the changes becoming law.

The National Health Service and Community Care Bill is about to receive the Royal Assent, probably tomorrow. But delegates to the British Medical Association's annual conference in Bournemouth yesterday affirmed their determination to maintain opposition to the plans as the Government prepares to implement them from next

The BMA has already spent £2.5m in a campaign of opposition to the reforms.

Lloyd's makes £509m profit

The £509m pre-tax profit made by Lloyd's of London, the insurance market, in 1987, results which under Lloyd's three year accounting system were announced yesterday, shows that the 300 year old institution, often denounced as obsolete, can still produce large rewards for its 28,386

For a Lloyd's member with a £10,000 commitment to an aviation syndicate in 1987, insurance rates were high. yesterday's results means a profit of £2.080. Given that the £10,000 underwriting commitment may be invested elsewhere the member or 'Name" effectively uses his money twice.

SE information under attack

A sharp attack on the Stock Exchange's monopoly of market sensitive information was delivered yesterday by Sir Gordon Borrie, Director General of Fair Trading. The exchange had

"significantly restricted. distorted and prevented competition" in the market for company news, he said. In a report to Mr Nicholas Ridley, Trade and Industry Secretary, Sir Gordon said the exchange was able to exploit its privileged early access to

information acquired for regulatory reasons to build up a dominant position in the company news market through Topic, its news service. Sir Gordon noted that the exchange had not set out to be anti-competitive and was proposing arrangements which would be introduced at the

end of this year. He was also

concerned about the cost of the new plans and delays in introducing them.

Minister backs Italian tactics

The tactics used by the Italian police to deal with English football hooligans at the World Cup were strongly defended yesterday by Mr Colin Moynihan, the Sports Minister, following Labour accusations that innocent people had been among those

arrested. Mr Denis Howell, the shadow Sports Minister, had complained that it was a disgrace the Italian police had arrested people miles away

from any incidents. After the worst outbreak of hooliganism in Rimini, 247 England supporters were



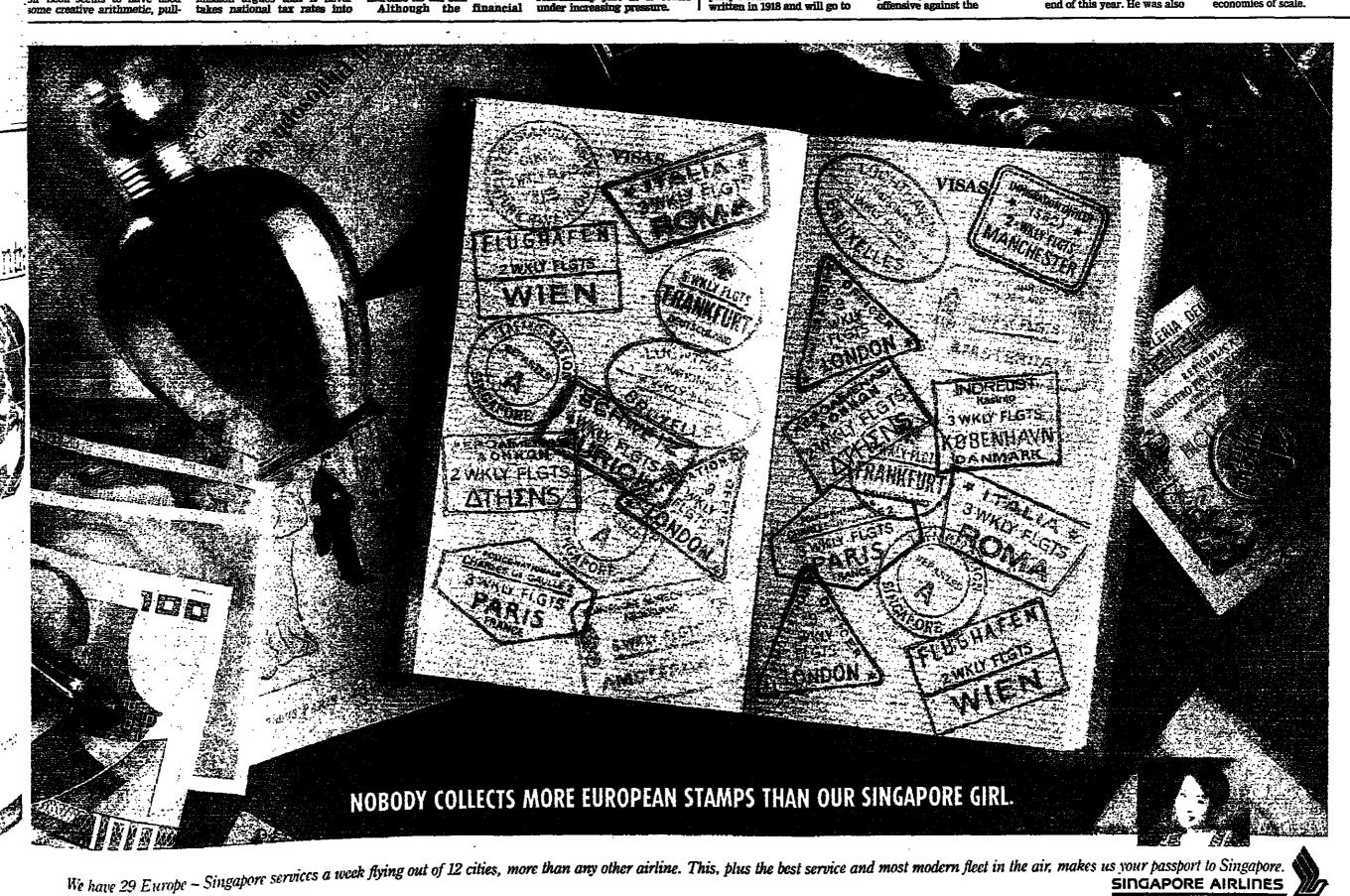
Colin Moynihan deported by the Italian

authorities. However, Mr Moynihan congratulated the Italian police on their "tough, swift and effective" actions.

Warning on telecoms market

The Government was warned yesterday against introducing too much competition into the telecommunications market. Sir Bryan Carsberg, the Director General of the Office of Telecommunications, said yesterday that competition in the UK could "decrease the

value for money." Sir Bryan's said in the annual report of Oftel, the industry's regulatory authority, the Government would have to weigh up the advantages of improved efficiency that competition would bring against the economies of scale.



ON JUNE 12, the US Court of Appeals in Washington DC decided unanimously that the insider trading, Rule 14e-3, which is also an anti-fraud rule, attempts to impose liabil-Securities and Exchange Commission had overstepped its statutory authority in issuing Rule 19c-4, which, in general terms, prohibited a publicly traded company from issuing shares that would impair the voting rights of public common stockholders. The court referred to the SEC's rule as a bad gamble.

Share voting is in itself a very important issue. However, the significance of this decision goes far beyond share voting. First, there are several other instances where the SEC's statutory authority to issue an important rule is in question. The SEC's statutory authority to issue Rule 14d-10, which get shareholders in a tender offer, can be questioned on the same grounds as the court applied to Rule 19c-4.

Furthermore, in May, when the US Court of Appeals in New York reversed a criminal conviction for insider trading by a two to one majority.2 one of the two judges in the major-ity said that the SEC had exceeded its statutory authority in issuing Rule 14e-3 which prohibits insider trading in onnection with tender offers.
Unlike Rule 10b-5, the SEC's

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ity for insider trading even when there has been no breach of fiduciary duty.

Second, the court's decision on Rule 19c-4 is an excellent example of the SEC's troubles with the conservative federal judges appointed by Presidents Reagan and Bush. These judges lean toward strict interpretation of statutes: statutes mean what the words say. Moreover, conservative judges usually have soft spots for leaving as much as possible to markets and individual states.

In its Rule 19c-4 opinion, the court said that it had been the intent of Congress that the main business of the SEC under the Securities Exchange Act of 1934 would be disclosure. Corporate governance in particular, the court said, is out of bounds.

The SEC argued that its responsibility to oversee stock exchanges, other national capi-tal markets and the solicitation of shareholder proxies is broad enough to encompass the issuance of rules that regulate shareholder voting.

However, in the court's view, if the SEC could use this theory to justify Rule 19c-4, the outcome would be that the SEC could "establish a federal corporate law by using access

to national capital markets as In the mid-1980s, several public companies took advantage of flexible state corporation laws and competition among stock exchanges and

computerised and over-the-counter trading systems, to reorganise themselves to give some shares of common stock more voting power than others. Three large family-controlled

newspaper businesses, for example, the parent companies of the New York Times, the Washington Post and the Wall Street Journal, all perfected dual common stock voting structures to assure continued familiarents. Washington to the part of the part family control. Hershey Foods, General Cinema and several other prominent industrial companies joined in what became a controversial antitakeover trend.

Most of these companies

approval from publishare-holders for their recapitalisations, usually in exchange for a slightly higher dividend. Egged on by institutional investors, the SEC took steps in July 1988 to end this competition by adopting Rule 19c4. However, the SEC's statutory authority to issue the rule was questioned from the start, including by one of its own

sought and obtained prior

The rule that was finally adopted was a compromise. It prohibited a public company from issuing shares that diluted the voting rights of out-standing public shares but it did not interfere with compa-nies that already had a dual common stock voting system in place. Nor did it stop compa-

low-vote shares to the public. By restricting the freedom of shareholders and managements to make their own contracts, the rule reversed the Reagan Administration SEC's usual position of deference to the free market.

Many ardent free market

nies that were becoming public for the first time from selling

proponents, however, applauded these restrictions on the ground that in this instance shareholders needed protection from themselves. Incongruously, this is the same argument that target boards use to justify defensive tactics in takeovers. The main point of the argument is that coercive incentives sometimes can pre-vent shareholders from co-operating in their self-interest.

Although the court struck down Rule 19c-4 for lack of statutory authority, the SEC's policy behind the rule is not beyond question. Companies which adopted dual class voting systems, with shareholder approval, may have been forg-

ing a harmonious bargain that benefited both shareholders and the control group.

According to the SEC, and other studies, these companies tended to be unusual. They had much higher insider hold-ings than other companies; showed, on the average, superior performance before the recapitalisation; and their share prices increased after the new voting plans were announced. When large non-monetary benefits can be obtained from control, maximum share price may not be the owners' first concern.

Owners of a family-conowners of a family-controlled newspaper, for example, may regard the paper as a means of furthering their political philosophy and desire for public service. The newspaper may also provide congenial employment for some family received and content of the content members and social prestige for others. When the newspaper becomes a public company, the family may, therefore, be willing to sacrifice some economic return to assure their continued control. The public shareholders are left with the

bargain they made.

If the change in voting rights occurs after there are public shareholders there still does not appear to be any ground for complaint. The public shareholders knew about family control when they bought

their stock. But, under Rule 19c4, once the company had public shareholders it was too late to change its voting structure - or so it seemed.

Surprisingly, however, only a month or two ago, the SEC gave its approval to a dual class recapitalisation for Playboy Enterprises, which was already listed on the NYSE. Mr Hugh Hefner, who owns more than 70 per cent of the company, voted his shares in favour of the recapitalisation; the public minority was given no voice in the decision. Con-

no voice in the decision. Considering that ruling, one wonders why the SEC was so eager to have Rule 19c4.

It appears unlikely that the SEC will seek a Supreme Court review of the Court of Appeals' decision. The chances of success with the cuits or success. cess with that quite conserva-tive court appear alim. There is also a risk that the Supreme Court might say something in its opinion that could cause the SEC extra damage.
Unless the Administration

and Congress can be persuaded that a statutory change is desirable, a federal one-shareone-vote rule is dead. With scepticism about hostle take-overs so widespread, the chances of quick action by either the Administration or Congress appears remote.
Relief from the individual states is even less likely. They

have never shown an inclination for a rigid one-share-onevote rule. Nor is this the time to expect pro-takeover legislation from them.

None the less, it appears highly unlikely that there will be a rush by companies to two classes of common shares. The device is suitable only in very special circumstances, such as when there is already a major-ity, or very large, shareholder group in control.

Moreover, there is no legal reason why stock exchanges and other associations of secu-rities dealers registered with the SEC could not adopt their own one-share-one-vote rules, although, as in pre-Rule 19c-4 days, competition for business among them may make such a policy difficult to maintain without some uniform legal compulsion from the outside.

In addition, there are now plenty of other takeover defences available to most

companies under state laws.

1. The Business Roundtable v
Securities and Exchange Commission, No 88-1651 (DC Cir.

June 12, 1990). 2. US v Chestman, Fed Sec L Rep, 95,214 (2d Cir, May 2,

Chicago office of the law firm of Mayer, Brown & Platt.

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FINANCIALTIMES

MANAGEMENT **EDUCATION** DEVELOPMENT

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telephone calls.
The English lessons are part of Eurocom's efforts to prepare staff for the company's new role as an international advertising agency. For Eurocom, the biggest force in French advertising, is increasingly ambitious in the international arena. Late last year it took control of the advertising agencies once owned by Aegis of the UK. It is now negotiating a string of deals in other coun-

Eurocom is one of the new wave of French agencies which are increasingly active on the international front. Since the international front. Since the start of this year Boulet Dru Dupuy Petit has taken a signif-icant minority stake in Wells Rich Greane of the US. Roux Séguéla Cayzac Goudard has hought two businesses in the UK - Conran in design and KLP in sales promotion — as well as expanding its European advertising interests. Publicis has consolidated its two-year-old joint venture with Foote Cone & Belding, the US net-

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At a time when the agencies in London, New York and Chicago are preoccupied with cost cutting and consolidation. their Parisian counterparts are intent on further expansion. Yet the French agencies face serious obstacles in their attempts to become powerful players in international advertising. They are latecomers on the global scene and the cost and complexity of building or buying - a new network is

higher than ever before. Bernard Roux, chairman of RSCG, says: "We have no alternative but to expand outside France. There is no future for us as a local agency, we have to become international."

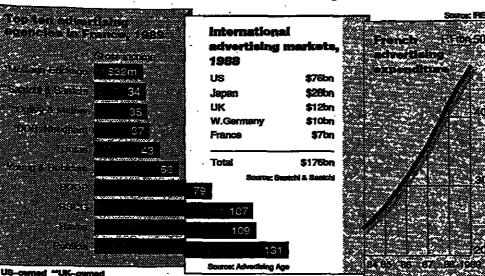
The expansion of the advertising agencies comes at a time when companies from other areas of French industry are involved with ambitious international acquisitions which have taken place against the backdrop of a bullish Paris Bourse, a strong Franc and relatively low French interest

The same combination of favourable economic factors that helped Saint-Gobain to bid for Norton, is enabling the French agencies to move into other markets.

Advertising

French set sights on the international scene

Alice Rawsthorn asks whether the Parisian agencies will succeed



sons. Traditionally their priority has been to protect their position in the domestic market. Two agencies — Publicis and Havas (a subsidiary of Eurocom) - alone account for almost a third of all the money spent on advertising in France. Their competitors claim they owe their success to the support of sympathetic govern-ments. which have 'encouraged' French companies to give their accounts to French agen-cies. Publicis and Havas say they succeeded by offering a better service than the Paris

subsidiaries of the US and UK

Whatever the truth, the power of Publicis and Havas has helped to ensure that France – alongside Japan – is one of the few countries with a strong domestic advertising industry. The two set a precedent for the expansion of the younger Franch agencies: first RSCG, FCA and TBWA, and letter HDDD later BDDP.

Whereas the advertising league tables in Italy and West Germany are full of US and UK names, France is unusual in that only one of the 'top five' agencies is not a French com-

pany.
But the US and UK agencies But the agencies are also are starting to gain ground in expanding for defensive rea-

tional advertisers to consolidate their accounts into a handful of international networks means that — slowly, but steadily — the French agencies could lose business. "We have more and more cli-

we have more and more cu-ents who operate globally and who need to deal with global agencies," says Maurice Lévy, chairman of Publicis. "The agencies that can not offer a global service will be at a disadvantage in the future."

This problem is compounded by parallel pressures within France. The French advertising market enjoyed double digit growth throughout the 1980s fuelled partly by general economic expansion and partly by the deregulation of the tele vision system - the privatisa-tion of TF1 and launch of new channels, like La Cinq which created new opportuni-But the market is now over-

heating and is starting to slow Publicis forecasts growth of just 8 per cent this Moreover, the profitability of

Moreover, the profitability of the French agencies is under pressure because of the changes in the media buying system. The expansion of Carat, the specialist media buying business now owned by

ity stakes and cross-sharehold-Publicis is probably the

strongest French force on the international scene thanks to its liaison with FCB. But the FCB deal is a joint venture. Similarly Eurocom is involved in the HDM network,

to avoid outright acquisitions, in favour of a string of minor-

but only as a joint investor with Dentsu of Japan and Young & Rubicam of the US. It sees EWDB - in which it has a 60 per cent stake - as the focus for its international

However, the EWDB network is still patchy, and has yet to resolve its difficulties in the UK and the US.

Financial constraints have hampered the smaller agencies. BDDP has expanded at a frenetic pace, but by piecemeal purchases. It is now highly geared after the WRG deal and still weak in important mar-kets, including the UK. BSCG is still a minor player

in UK advertising, in spite of staging three different acquisitions. It also has yet to establish a significant presence in the US. The only European countries where it has top ten agencies are France, Italy, Spain and Belgium.

Yet the French have succeeded in making their mark on the international scene. Jean-Claude Boulet, chairman of BDDP, says that only a few years ago his overtures to the UK agencies were greeted with ill-disguised contempt. BDDP's hostile bid for Boase Massimi Pollitt, one of the largest Lon-don agencies, last summer was repulsed in a stream of xenohobic "Hop off you Frogs" rhetoric.

Times have changed. The slowdown in the UK market has put London agencies on the defensive. Boulet says he has received – and rebuffed – at least 10 acquisition propos-als from the UK in the past six

As to the outlook for the French agencies, the optimists in French advertising claim that drive, determination and a favourable financial climate should be sufficient. The pessi-mists suspect that by incurring too much debt and issuing too many shares they may be making themselves vulnerable to future bids from the US and UK companies.

The French agencies are undeterred. "We are late, very late," says Alain de Pouzilhac, the Larousse-reading chairman of Eurocom. "But we have to become international and there is just enough time for us to do it. If we move quickly."

US cereal market

Corn flakes feel the bite of the Mutant Ninja Turtles

Frank Lipsius reports on the rising power of kids consumerism

"SOMETHING WEIRD'S going on," goes the theme song of the extremely popular Ghostbusters film, which in America has spawned an hour-long, Saturday-morning kiddle cartoon. Along with the cartoon, there is now a Ghostbusters cereal. The box sports a hologram showing the friendly ghost Sli-mer hovering over a breakfast table and pouring cereal. Is it kitsch or a subliminal mes-

sage? What is certainly weird is the manner of moves being made to dislodge the main cereal brands. The assaults are worthy of the contentious cartoon shows that sport battling adversaries

For the first time in years, Kellogg Co., which commands 50 per cent of the prepared cereal market outside the US, has fallen below 40 per cent of the \$6.6bn domestic market.
Attacking it from two sides are
General Mills, with successful
promotions for out-brand prodcrowd, and Raiston Purina, which makes Ghostbusters and other new kiddie brands.

The cereal wars being fought daily on the supermarket shelves highlight the manufacturers' discovery of a new cli-entele - the kids themselves. Cereal companies, following the footsteps of hamburger purveyors MacDonald's, have finally caught on to the power of kid consumerism.

Ralston Purina plunged into the kiddle category five years ago with Cabbage Patch Kids cereal, which lasted a year and a half. The company once had stellar brands in Rice Chex and Wheat Chex, but those old standards failed to make the leap of popularity to the

It now relies on kiddie brands more than other cereal manufacturers with a current line-up that includes Ghostbusters, Teenage Mutant Ninja Turtles, Nintendo and Break-fast with Barbie. Breakfast with Barbie and Ghostbusters are so similar that they look suspiciously like the company's effort to sell the sam thing separately to boys and girls. Both consist of bits coloured pastel shades of pink,

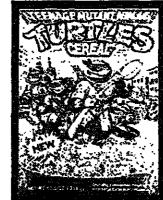
WEEKEND FT

Advertisement Rates

yellow and orange, irradiating the smell of sweet excess. Raiston Purina spokesman Pat Farrell admits that some lines, like Donkey Kong, may last only a year, but they can

be very successful for that The company's licensing agreements allow it a profit on even a short and expensively promoted run. Most licensed products are not intended to

last longer than the popularity of the named character. You might have thought that the people guarding the image of Batman, or even the Ghost-busters, would want to refrain from exploitation through



breakfast cereals. The all-out licensing push is a recent phenomenon associated with American corporations'

short-term orientation.
But the contents of the boxes
can disappoint youngsters. The four-year-old in our house has hardly picked up a Ghostbus-ter character since he tried, only once, the oversweet rice nuggets (except for the day we ran out of Cheerios). Now he'll play only with Teenage Mutant Ninja Turtles; to preserve his taste for those dolls, I refuse to give in to demands for the

The cereal shelves are laden with gimmicks like the hologram and the Batman piggy bank given away with that recent brand. Health claims, the backbone of advertising to older audiences, are even made for the kiddle brands. On the box, Breakfast with Barble compares its sugar content to

five other "kid cereals." Barbie has "only" 10 grams of sugar per serving, compared to 12 for Fruity Pebbles and 17 for Fruity Marshmallow Krispies. (Cheerios has 2 grams.) An old-time favourite, Sugar

Pops, went so far as changing Corn Pops to avoid offence.

The lack of sugar is the only claim that can be made for the kids' cereals, compared to the craze for oats and bran being propagated among the old. General Mills took the lead in promoting health claims because its Cheerios, as the box proclaims, has "for nearly 50 years, [been an] excellent source of oat bran."

The oat-bran craze began with scientific reports that it reduces blood-cholesterol levreduces blood-cholesterol tevels. A subsequent study, which was partially funded by Quaker Oats Co., America's porridge maker, appeared in the Journal of the American Dietetic Association contending that the healthiest aspect of bran was filling people up so they had no room for cholesterol-rich food. Between health and kiddie

brands, there are now 270 cere-als in a market that has been growing a robust 3 to 5 per cent a year. Value Line analyst Stephen E. Grant notes that companies in the field, which include Kellogg Co. and Gen-eral Mills, "trade at about a 20 per cent premium to the mar-ket price/earnings multiple" in this "high-margin, oligopolistic grocery category."

However, a survey by the Roper Organization revealed that consumers find the choice confusing. "There are alto-gether too many and the last thing they needed was a new" brand, the survey showed. The kiddie brands may be

short-lived, but the phenomenon will endure as long as children make family consuming decisions, as they increasingly For the cereal companies.

the kiddle brands break the stranglehold of the familiar types that show the contents of the package on the box. Ralston Purina has cereals waiting for new characters to attach them to.

NIPPON WARRANT FUND Capital Variable 14, rue Aldringen

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The Annual General Meeting of shareholders of NIPPON WARRANT FUND, SICAV will be held at the registered office in Luxembourg, 14, rue Aldringen, on Friday, 6th July, 1990 at 11.00 a.m. with the following agenda:

NOTICE OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

To hear and accept:

 a) the Management Report of the Directors,
 b) the Report of the Auditor.

To approve the Statement of Net Assets and the Statement of Operations as at 31st March 1990.

 To discharge the Directors and the Auditor with respect to their performance of duties during the year ended 31st March, 1990. 4. To elect the Directors to serve until the next Annual General Meeting of

5. To elect the Auditor to serve until the next Annual General Meeting of

6. Any other business

The shareholders are advised that no quorum for the statutory general meeting is required and that decisions will be taken by the majority of the shares present or represented at the meeting.

ember entitled to attend and vote is entitled to appoint one or more les to attend and on a poll vote instead of him. A proxy need not also be unber of the Corporation.

To attend this Annual General Meeting of shareholders of 6th July, 1990 owners of shares should have their names recorded in the company's register of shareholders two working days prior to the Meeting and owners of bener shares will have to deposit their shares two clear days before the Meeting with the following bank who is authorized to receive the shares on deposit:

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The Board of Directors

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Aegis, has forced other agen-

cies to pool their media resources. The agencies owned by British-based WPP and Omnicom of the US have

formed The Media Partnership. Interpublic, the US group, and Publicis have founded Publi-

The smaller agencies have

either been forced to join these hig buying clubs, or they have lost the profitable media part of their businesses to special-ists like Carat. If the French

Government agrees to allow Carat to conduct Eurocom's

media buying, the market will

become even more concen-

trated and therefore more com-

is accelerating the French drive into other countries. The

French agencies are expanding

at a very vulnerable time for the US and UK agencies which are struggling with slow growth, sluggish stock markets and high interest rates.

They have the tactical advantages of a favourable

financial climate and vulnera-ble targets, yet so far they have had mixed success in

their international ventures.

Most of their deals have been

small and the quality of some of their acquisitions has been dubious. They have also tended

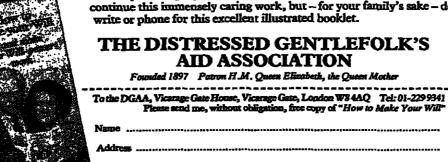
This pressure on profitability

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FINANCIAL TIMES

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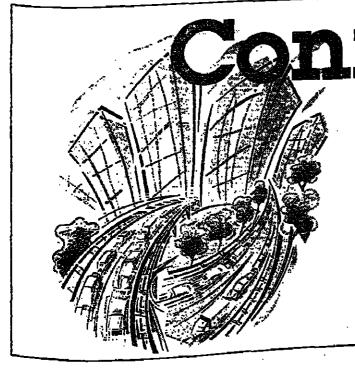
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Della Bradshaw describes why speed is of the essence when retrieving information from databases

Although databases have been billed as the electronic equivalent of the filing cabinet as easy to use as a drawer of paper files - their Achilles heel has always been their slow speed. The time it takes to extract information from the conglomeration of electronic widgetry and magnetic discs can seem to be acons, with the computer grinding to a near standstill as more and more employees try to get at the

Manufacturers are now confident that new hardware and software techniques can min-imise the delays. But for many organisations they have not

The Programmes Network, for example, a European direct marketing group, eventually set up a system to do the job it wants. But it has taken five years and five computer systems. The first four swallowed the data but did not have the power to enable the company's 200 operators to retrieve information in the

time required.
For the Programmes Netcorporate information on demand, those five years could have proved disastrous. As Kim Coe, chief executive, puts it: "Your whole profitability is based on being able to get the

information out, It's enough to

bankrupt a company." Now the company can call up a sea of data in anywhere between a millisecond and a minute. On the first system it could take days, says Coe, with computer operators working through the night in order to meet delivery deadlines.

The Programmes Network is running with relational database software, one of four main types of database software, or database management systems, as they are called. They are:

Hierarchical databases, popular in the early 1980s. The computer mimics a paper filing system with the data usually stored alphabetically. Information stored in each file can be retrieved a piece at a time, like running round a racecourse. To move on to a related subject means starting again and running a parallel course.

• Relational databases, devel-

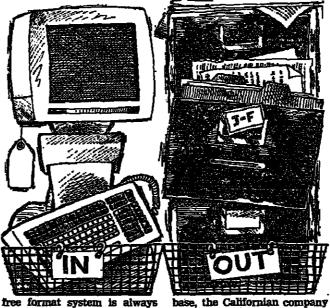
oped about 10 years ago, now form the basis of most systems. All the data is stored in tables, rather than lists. So the search can move up and down the tables or from side to side, as logic demands. The four most popular large relational datahase systems are IBM's DB2. Digital Equipment's Rdb and systems from Oracle and

• Distributed relational databases, where the information is held on in different buildings across the country or across the continent. Whenever the user tries to retrieve data it appears to be a local terminal Outlook for a quick recovery

- even if there is several thousand miles between the two. Object oriented programming systems, the latest tech-nology, still supplied by only a handful of US companies such handful of US companies such as Object Design, Ontologic, Servio Logic and Symbolics. While relational databases were designed to store text and figures, object oriented soft-ware is intended to store graphics, video and digitised voice. Initially popular in the engineering sector, object oriented systems are now being used in the financial sector, for storing complex portfolios.

As each successive system is introduced it speeds up the data hunt. Relational databases are faster than hierarchical ones because they do not have to jump in and out of so many files. Distributed relational databases are faster than their centralised countersubject to transmission delays and the system does not clog up so drastically if several users decide to retrieve information at the same time. Object oriented programming goes one step further as

there are direct software links between related parts of the "objects" – anything from a selsmic graph to the design of a washing machine. With relational databases the program has to search the whole database, looking for key words. New ways of structuring the data within the database manement system are also helping to speed up the search. While information from older databases was searched for using a series of key words, extracted from each document as it was entered, the newer whole database for a series of words selected by the user. "A



which is being acquired by

rival database engine manufac-

turer Teradata. Managing director for Teradata in the

UK, John Clements, says data-base engines are intended for companies with "multiple giga-

bytes of data and complex que-

applications software can also help speed up the process. Brit-

The Teradata machine, for

free format system is always quicker than a key word one as it will read the documents for you," explains Don Edwards of EKS Marketing, which sells the Personal Librarian package. Another example, says Mike Chin, of Logica, the UK consultancy and software house, is software which processes sev-eral pieces of information at a time. "With older technology

all the requests went through one bottleneck," says Chin. Companies such as the Programmes Network have turned to a hardware solution based on the same concept: parallel processing. They have bought a database engine from Share-

ish Satellite Broadcasting, the UK's satellite television company, uses a relational database for scheduling its televi-sion programmes, but had to develop the applications software itself. (One of BSB's shareholders is Pearson, owner of the Financial Times.)

The problem was that BSB has five channels, each with commercial breaks. "Nobody sold a planning system for multi-channel operation with the level of redundancy we needed," recalls John Haselwood, head of integrated broad-casting systems at BSB. Haselwood was aware of

some of the limitations of exist-

ing scheduling systems, and decided to do it differently at BSB. Ironically, this new approach means that its 70 to 80 users now face delays in calling up the daily schedules. The reason for the hold-ups is the way the data is struc-tured on the Vax machines. To ensure that the scheduling systems would track the BSB husiness into the future, Haselwood chose to make it as flexible as possible. That meant that each item of data could be

approached from all directions. Haselwood gives the example of the way the programmes are booked in for scheduling. If he re reratata machine, for example, can have up to 1,000 processors working simultaneously. "We're talking about one search looking at 4m-5m customers to find out what they all bought last week."

Ways of structuring the had adopted a procedure in which a contract between the programme maker and BSB had to be signed before the pro-gramme was scheduled into the system, that logical progression would introduce a shortcut. Instead, he decided

not to pre-determine the order. The decision was largely one of expediency. "It tends to be difficult with a start-up company as there are very few people around to tell you how they would like to use the system," says Haselwood. "You end up

making educated guesses about what people will want." Haselwood is now planning to focus the software on the basis of feedback from those using it, and he is confident that the short-term hiccups will produce long-term gains. "We wanted a system to under pin the business," says Haselwood. The plan was get the function on and then bring on

the performance." Manufacturers are now confident that databases are fast enough for most commercial needs, particularly those starting from scratch. But for those wanting to swap a hierarchical database for a rela-tional one there are problems, says Carlos Miguens, product marketing manager for incres. "The problem is the applica-tions software, which cannot be converted. You have to

write it all again." Companies such as the Programmes Network, which had to develop their own applica-tions software - and are now selling it to other direct marketing companies — would not agree. "The interesting thing is that we've got to this point and we're not a computer com-pany." says Coe. "A year ago I knew nothing about computthe customer is not getting what they want?

courts of England and Wales is still in its infancy. But imaging equipment has been used by the Serious Fraud Office in two complex fraud trials recently to display documentation and explain concepts to the jury through the use of

Children caught up in sexual abuse cases are now able to give their evidence by live remote video link. The Home Office has also established a number of pilot schemes using microwave television to link local courts with prisons and remand centres, in order to save the unnecessary expense of transporting prisoners backwards and forwards for routine remand hearings and bail applications.

In all other respects, however, the use of computers in the courts either as an aid to presentation or for the storage and retrieval of Information is almost non-existent. City solicitors Masons have begun using laptop computers for

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Computers restore order in the courts

Robert Rice reports on how PCs can cut down on the reams of documentation used during trials

full text retrieval for the first time in a courtroom environment in the UK. The firm is involved in what is, after almost 70 days, already the longest-running industrial tribunal hearing ever. Masons' clients, the Port of London Authority, are defending an action brought by 19 shop stewards dismissed for trade union activity following the dispute

last summer over the abolition of the National Docks Labour Scheme. The case is creating a mass of data — on average 100 A4 pages of text or about 30,000 words each day. If the hearing runs to the expected 130 days it is estimated that more than 15,000 pages of text will have been created.

Mesons began the hearing with its own transcription service, tak-ing a note of each day's proceed-

ings. But with no official, agreed note of proceedings and the com-plex nature of the issues, its barristers began to express concern about how they would cope with cross examination and summing up at the end of the case.

The firm decided to put the infor-mation into machine-readable form and to issue its counsel, Alan Pardoe QC and Andrew Clarke, with laptop computers for use in the tribunal. By doing so it estimated it would replace 20-30 box files of hard copy with one small machine. On day 59 of the hearing Pardoe and Clarke used the machines in the tribunal for the first time. The firm chose the Toshiba 5200 with an Intel 386 processor which runs the latest Windows 3 software, and a 110 Mbyte hard disc. For the full text retrieval software it picked Personal Librarian, from EKS Marketing, an off-the-shelf

Personal Librarian works with "documents" - it calls up documents of text on to the screen. Masons has endeavoured to make each "document" correspond to one page of the transcript of the hearing. Thus document I should be the first page of the transcript.
Jill Andrew, who heads Masons'

employment law group, says the barristers are so enthusiastic about the system that they are already talking about having all their case papers in machine-readable form in future. While that may still be some way off, she predicts that within six to eight years litigation will be unimaginable without such

technology."

Richard Susskind, special adviser to Masons on law and information technology and chairman of the Society for Computers and the Law, believes the potential application of this sort technology in the court-room is phenomenal. It is going to

be of enormous value in any case with substantial data to manage Client expectation will force the pace of information technology in this area as it has in the US, he says, although the American habit of charging clients for the time saved by using information technology (known as "beyond the hill-able hour") is not something he expects to see transported across the Atlantic in the short term.

Did the firm have to get the tri-bunal's permission to use the com-

puters? Andrew says it wrote to the tribunal chairman informing her of its intention to use them. Although she raised no objection, the firm's position was that it did not need the tribunal's permission. The com-puter has simply replaced the functions of pen and paper. "It is no more than a notehook," Andrew

Was there any discussion about one side gaining an unfair advan-tage by having the use of computer technology which the other side did not have? Originally, Masons thought of offering the tribunal the use of a machine but felt that it would only be fair to make the same offer to the other side. In view of the acrimonious nature of

The tribunal is now using an offi-

cial transcriber to take an agreed note of proceedings.

Andrew maintains, however, that there is nothing inherently unfair in one side having the use of such

side using better expert witnesses than the other, she says. Masons is already considering an application to the High Court (out of courtesy) to use the technology in a forthcoming trial and expects

technology. It can be likened to one

other firms to follow suit. But if computers are to find wider application in the courtroom there will be a need for some form of standardisation. It would be hard to expect judges to familiarise

themselves with all the different systems on offer, for example. The Lord Chancellor's Department is believed to have already earmarked WordPerfect as the de facto package for use in the courts. An announcement would be useful in order to save firms the unnecessary expense of training personnel to use one system only to have to do it all over again with the stan-

NOTICE OF REDEMPTION

HMC MORTGAGE NOTES 3 PLC

Class A Mortgage Backed Floating Rate Notes Due July 2015

NOTICE IS HEREBY GIVEN to the holders of the Class A Mortgage Backed Floating Rate Notes Due July 2015 (the "Class A Notes") of HMC Mortgage Notes 3 PLC (the "Issuer") that, pursuant to the Trust Deed dated 12th July, 1988 (the "Trust Deed"), between the Issuer and The Law Debenture Trust Corporation p.l.c. as Trustee, and the Agency Agreement dated 12th July, 1988 (the "Agency Agreement"), between the Issuer and Morgan Guaranty Trust Company of New York (the "Principal Paying Agent") and others, the Issuer has determined that in accordance with the Redemption provisions set out in the Terms and Conditions of the Class A Notes, Available Funds as defined in the Terms and Conditions in the amount of £15,400,000 will be utilized on 12th of July, 1990 (the "Redemption Date") to redeem a like amount of Class A Notes. The Class A Notes selected by drawing in lots of £100,000 for redemption on the Redemption Date at a redemption price (the "Redemption Price") equal to their principal amount, together with accrued Interest thereon are as follows:

OUTSTANDING CLASS A NOTES OF \$100,000 EACH BEARING THE DISTINCTIVE SERIAL NUMBERS SET OUT BELOW Bearer Notes

														
98	208	276	386	459	583	678	745	860	940	1064	1142	1239	1312	
107	211	302	419	474	598	687	768	872	943	1068	1154	1246	1319	
131	219	304	426	480	602	688	792	894	968	1079	1193	1255	1349	
134	232	307	437	494	605	696	808	899	977	1086	1195	1263	1356	
136	228	310	438	505	648	713	819	901	986	1087	1198	1274	1364	
138	231	323	439	515	652	715	822	906	988	1096	1208	1276	1369	
144	240	337	441	517	659	716	829	915	1002	1106	1212	1277	1370	
153	261	341	447	527	663	724	847	924	1009	1107	1213	1282	1373	
157	266	346	451	531	664	730	849	926	1036	1123	12:13	1293	1386	
195	271	35 l	466	544	666	732	850	930	1049	1129	1228	1305	1397	
204	273	377	468	555	667	739	858	934	1049	1134	1231	1310	1398	

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Morgan Guaranty Trust Company of New York 30 West Broadway New York, New York 10015 Attn: Corporate Trust Operations

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HMC MORTGAGE NOTES 3 PLC By: MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as Principal Paying Agent

Dated: June 28, 1990

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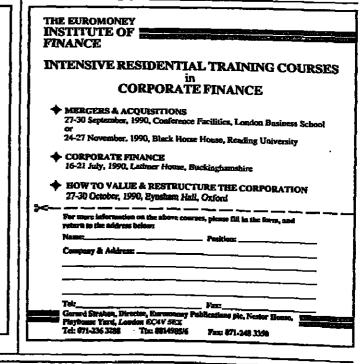
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FINANCIAL TIMES

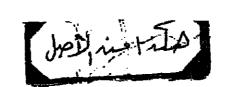


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Barbarism beyond blitzes and battlefields

wo events in 20th century history, the Holocaust and encompassable even by that century's own art form. The cinema's giant screen can contain blitzes and battlefields; it can embrace the waste and heroism of war. But how does it embrace an apocalypse that was as much moral as physi-cal? The Nazi death camps and the dropping of the A-bomb devastated not just human populations but human perspectives. They were enormi-ties so vast that they blew up the networks of our understanding.
Two films this week - Tri-

umph Of The Spirit from America and Black Rain from Japan (no relation to Ridley Scott's knuckleheaded Hollywood thriller) – attempt to portray the unportrayable. Shohei Imamura's Black Rain comes closer, thanks to its harrowed performances and harsh black-and-white images. In the years after Hiroshima, a vil-lage-dwelling couple and the niece they live with struggle with the growing knowledge of their own radiation poisoning. Their story is intercut with flashbacks to the flashpoint: the blinding light that visited Japan on August 6, 1945, leav-ing behind a nightmare city of razed buildings and charred bodies, of mutilated survivors displaying their flayed faces and hanging skin. (Imamura's realisation of these scenes won the film a Technical Achieve-

ment prize at Cannes.) Two hours are a long time in the cinema when your only entertainment is the spectacle of three people dying, inter-spersed with flashbacks to a whole city's death throes. For

the family's friends and fellow villagers also succumb one by

villagers also succumb one by one as the years pass.

The film is lent astringency by Imamura's refusal to sentimentalise — see earlier works like Vengennce Is Mine and The Ballad Of Narayama — and by a grim, cauterising comedy. Old wives spin the tale that "carp's blood" is good for radiation sickness. Three work-shy old men spend their days fishing (no doubt for carp), using the plea of post-bomb illness as an all-purpose medical chit. an all-purpose medical chit.

And a brain-damaged war veteran stops every passing truck
by hurling himself in front of
its wheels, screaming "The
bomb, the bomb!"

Yet Black Rain, based on a

novel by Masuji Ibuse, is rooted in a story too linear and unrelentingly cautionary to bring revelation in quite the same measure as it brings emo-tional attrition. As the minutes tional attrition. As the minutes tick by, its chief strength also becomes its chief weakness. We believe in the weird solidarity of this makeshift family. (When the girl's uncle refuses her widowered father's offer to take her back, he explains: "We're a community bound by the Rough") But this intraste the Bomb.") But this intimate perspective precludes any larger, moral-historical overview of the Bomb; and by alleview of the Bomb; and by allegorical insinuation it casts Japan as the secluded, innocent victim of a gratuitous Western atrocity. From this movie you would never know that the attack on Pearl Harbour had happened, let alone the brutality of the PoW camps or the Burma railway.

Though its shrugs off Japan's own responsibility, Black Rain is a film aware of the moral night into which humanity descended in the Second World War. Triumph

BLACK RAIN Shohei Imamura

TRIUMPH OF THE SPIRIT Robert M. Young

LORD OF THE FLIES Harry Hook

> TREMORS Ron Underwood

Of The Spirit approaches the unapproachable as if there were a lighted path all the way to the centre of Auschwitz, where the movie is set and was shot. This is a film holding high the beacon of Hollywood inspirationalism. The very title tells us what we should think and feel before we have even bought our tickets.

Willem Dafoe plays the true-life hero Salomo Arouche, a ine hero salomo Arouche, a Jewish-Greek boxing champion who lost his family at Auschwitz but stayed alive himself by fighting in SS-arranged matches with other prisoners.

Around Dafoe, whose flayed and sinewy looks fitted him for matter release. martyr roles in Platon and The Last Temptation Of Christ, the screen fills up with oddly healthy-looking victims. After months in Auschwitz, Dafoe's Dad (Robert Loggia) and Daf-oe's girlfriend and her sister (Wendy Gazelle, Kelly Wolf) look as if they have suffered minor deprivation on a health farm. And so, though more plausibly, does Edward James Olmos as Dafoe's gypsy friend, a charismatic opportunist who plays it both ways with the Nazis and the inmates.

The film earnestly pounds the major chords of the Jewish

experience in the Second World War. But what it never hits and should is the *atonal* horror of the Holocaust. It was never a morality drama like this with a simple, radiant lesson in human courage. It was an unbalancing of the whole moral order. The movie never even summons the nerve to ask whether Arouche, in his adversary against evil or a col-

laborator with it.

In the Holocaust according to Hollywood, trite optimism is preferred to dangerous pessi-mism. As directed by Robert M Young, whose career has fluc-tuated alarmingly between the radical (Alambrista!, The Ballad of Gregorio Cortez) and the routine (Nicky And Gino), one is finally left uncertain whether the movie demonstrates the banality of evil or the evil of banality.

In these days of sequelitis and remake-itis, no film is safe. You thought Peter Brook had had the last word on Lord of The Flies with his 1963 movie? No. Ralph, Piggy and the gang are back; the desert island has turned to colour and the chil. turned to colour; and the children involved are American military cadets, not English public school boys. Our very own Harry Hook (The Kitchen Toto) has directed William Golding's novel for Columbia Pictures with a transatlantic

Well, mostly transatlantic. Britain's Bob Peck turns up as a rescuing naval man in the a rescuing navai man in the last reel, sporting combat gear and a frightful US accent. Truth to tell, the Americanisation of Golding's story is an unhappy experience. In both the book and Brook's film, there was a pointed irony in the spectacle of milk-fed scions. the spectacle of milk-fed scions

system turning into paintedsavages. Since there seems nothing remotely milk-fed this film — beef-fed and bellig-erent to a boy — the transition to barbarism loses its shock value and and its satiric incongruity.

The film is also stiffly, lifelessly directed. It is as if Hook, caught rabbit-like in the glare of Hollywood attention, has found himself robbed of all the subtle, instinctive fluency he brought to The Kitchen Toto.

zoological discovery of the century" burbles someone in Tremors. We have met this line before in Hollywood movies and it brings a happy smile to our faces. It means that monsters are about and someone has been at the Encyclopaedia of Prehistoric Gobbledegook. Here we are in Nevada, where the earth is heaving up giant eel-like creatures with multiple snakes for tongues.

"This is probably the biggest

Able to drill through the soil like a tunnelling machine, they are bravely fought for 95 minutes by our two heroes (Kevin Bacon, Fred Ward) and their lady geologist friend (Finn

As animated by effects Wiz-ards Tom Woodruff Jr and Alec Gillis, the creatures are splendid shock-horror value. So is the film. I was especially moved by the moment when Miss Carter, her legs snagged in mid-flight by some barbed wire, had to have her jeans hurriedly removed by the selfless Mr Bacon. By the final reel the entire cast is heading for the rocks, where they will be out of reach of the creatures who dislike heights, explains Miss Carter, and prefer travel



Scene from Imamura's 'Black Rain'

ling underground through the 'pleistocene alluvia."

I have not learned so much valuable natural history since Godzilla Vs The Thing, S.S. Wilson, Brent Maddock and Ron Underwood scripted, and Mr Underwood directed.

Finally, the week's video bin. into the container marked For immediate cassette processing must go The Fourth War (15, Cannons West End), a puerile Cold War romp starring Roy Scheider, all teeth and overacting, and directed by John Frankenheimer; Fresh Horses (15, Cannon Banton Stract) Cannon Panton Street), an cannon Panton Street), an insomnia-curing brat-pack melodrama with Andrew McCarthy and Molly Ringwald; and David Wicht's Windprints (ICA), which takes journalists John Hurt and Sean Bean to Namble carrying the white Namibia, carrying the white man's burden of post-Attenborough liberal piety. The African continent surely deserves something less patronising than this in our enlightened age? Please submit screenplays now, though not to me.

Nigel Andrews

Berkeley memorial concert WIGMORE HALL

Lennox Berkeley died last year at the age of 86. In Tuesday's Park Lane Group concert he was affectionately remembered by an audience containing fellow-composers, pupils, and numerous friends. This was one of the most widely loved figures in the world of British music, a tireless worker for good causes, a notably gentle, sympathetic composition teacher, and a composer of renown, accuracy of aim, and

sharp-cut personal style. His place in the firmament of 20th-century music has yet to be finally assigned, but the programme was carefully balprogramme was carefully balanced to suggest the variety of his musical styles across an enormously long compositional career. Its fault was gross over-generosity (two-and-a-quarter hours after starting time, when I crept out of the Wigmore, there were still three more generous helpings to come). But at least by the time that point had been reached, a sufficient reminder of the com-

poser was already given.
Berkeley was generally praised for the European-ness of his outleok, and particularly that "French accent" which can be appreciated in the cut and character of so much of his invention. gesThe most recent work given here - a first pub-lic performance - was of the Sonnet, Op.102 (1982), for voice

and piano, written in the period when illness was beginning to cloud Berkeley's mind. The poem, an appeal to Venus from one whose powers are failing, is by Louise Labe; the song is moving not just in subject matter but because the same unwasteful manner of setting words and marrying voice and piano that marks all of Berkeley's many poem-set-tings survives to cleanse the song of any excess of pathos.

Concision and economy of utterance are admirable traits. but they can be the product of short-windedness as well as of self-discipline and self-knowlself-discipline and self-knowledge. There are moments in both the "later" works on offer in the first half — Autumn's Legacy (1962) for high voice (here Martyn Hill) and piano, the 1971 cello-and-piano Duo—that hint at limitations of this kind. By contrast, the 1947 Stabut mater for six singers and 12 instruments was Berkeley at an artistic peak: influences from Poulenc and Stravinsky on one hand and Britten on the other come together, yet the voice that blends them is entirely personal - calm, direct speaking, contained, strong in statement. For this revival alone the concert deserved our gratitude.

Max Loppert

In the Shadow of Vesuvius

Though no one can visit Naples without seeing the Cas-tel Sant Elmo – that huge star-shaped fortress that has dominated the city from the crest of the Vomero hill since the 14th century - for the past two decades or more no one has been able to visit this great monument. Now, after long and intelligent restoration, it is open to the public and, as a special gift to the lover of Naples and of art, the ample spaces currently house a unique exhibition, entitled In the Shadow of Vesuvius, a col-lection of views of the city over four centuries, beginning with

the Quattrocento. opens with perhaps the most celebrated portrait of the city: the solemn, static "Tavola Strozzi," of 1465, which depicts the triumphal return of the fleet of the Aragonese King Ferrante after the battle of Ischia, in which the Angevin forces were defeated. There is the characteristic Neapolitan sense of event: banners fly from the fortress; in the middle ground the Castel Nuovo stands as solidly as it does today. Only the green hills have almost disappeared, as in recent years they have been covered with sprawling construction. Still, even now, from the ramparts of the castle, you can look down into orchards

and vegetable gardens. For, though invaders and, alas, the Neapolitans themselves have done much to destroy the city. Naples resists, surviving, even flourishing on its eternal conflict between chaos and invention, between insuperable drawbacks and irresistible charm. The very,

existence of this show affords striking evidence of the city's ability to organise an exhibi-tion of considerable dimensions amid surrounding confusion and disaster. Much of Naples at this moment is without drinkable water: but the city is never without energy

and hope. In past centuries, it was one of the most important and sought-out capitals of Europe. Travellers made long journeys here to winter in the mild climate, to attend opera at the Teatro San Carlo, to visit the excavations at Pompeii and Herculaneum, perhaps, if they were fortunate, under the tutalage of Sir William Hamilton. And painters flocked to the area, to capture - over and over again - the incomparable curve of the bay, Vesuvius looming over the south end, the woods and grottos and palaces of Posillipo arrayed at the other. Just outside the city were the Phlegrean Fields with their Virgilian mystery, and there were the islands - Capri, Procida, Nisida - still uncor-rupted by day-trippers and

The painters also admired the urban scene: the broad market square, the Largo outside the Castel Nuovo, the open space below the east facade of the Royal Palace, where military reviews were held, delegations from the Sublime Porte were received, and elaborate feste were devised for the entertainment of the populace. For, in many of these vedute there are the people of Naples. Sometimes only two or three figures are visible, per-haps with their backs to us, to establish perspective, dimen-

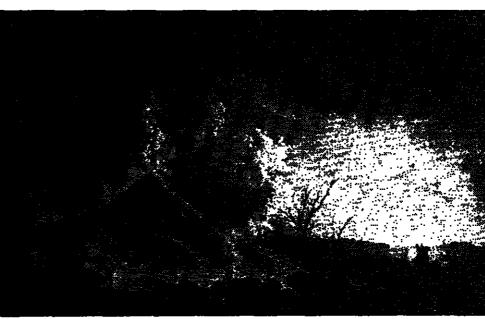
sions; other times there are larger groups, dancing, or gawking or engaged in familiar trades, selling watermelons, mending nets.

Though the painters of views, the vedutisti of this show, were seldom of high rank – the city never had its Guardi or its Canaletto – Naples and its surroundings inspired countless pictures of inspired countiess pictures of undentable fascination: the spell of the place inspired the brushes of artists like Gaspar van Wittel, Philipp Hackert, Giovan Battista Lusieri, Pierre-Jacques Volaire, and the less well-known Antonio Joli, serveral of phase elegant several of whose elegant, detached views have travelled Lord Montagu of Beaulieu. These artists somehow conveyed the Neapolitan experience, and that is more than At least one great painter

did come to Naples: Turner, who spent a few weeks here in the autumn of 1819. Five works the antumn of 1819. Five works

- mostly from the Tate - can
be seen in Naples, two of
which are memorable: a view
of the bay, in creamy mist,
with only the Castel dell'Uovo
visible in the middle ground
and Capri, an irregular blue
shape on the horizon; and a
"View of the shore near
Naples." in which some antum-Naples," in which some autumnal trees, blurred by haze, stand against a dream background. Besides Turner, other important British artists were drawn to Naples, and works by Cozens and by the Welsh painter Thomas Jones.

Sometimes the landscape — the vectuta — the background, is only an element in, say, the portrait of a dignitary (as in



'Eruzione del Vesuvio dall'atrio del Cavallo' by Pierre-Jacques Volaire

the Reynolds of Sir William Hamilton), or the depiction of a saint. Sometimes views of Naples or of the surrounding country served as Capodi-monte pieces and works from the Imperial Porcelain Works of Vienna: teacups, jugs, bowls, table-tops, all with the bay, the

royal palaces, Vesuvius.

If the majority of the views present idylls, calm water, verdant vales, a peaceful bay with a lone pine in the foreground, fisherfolk dancing the tarantella on a torch-lighted beach, there are numerous illustra-tions, too, of the dark side of Nature. Here, Vesuvius is protagonist: angry, blazing, destructive, casting a sinister light on the same beaches and romantic grottos that have

served as background for picnics and siestas. The portrayal of Vesuvius in eruption is a genre to itself, and Pierre-Jac-ques Volaire, "le Chevalier Volaire," who lived in Naples from 1760 until a short time before his death in 1792 and the witness of more than one eruption, painted the phenomenon from various viewpoints, without prettifying its menace. "in anger," (from the William-son Gallery in Birkenhead) seems almost picturesque in

This is a vast exhibition something like 500 items are to be seen - but never tiring; each piece has been sensitively chosen and cogently displayed (thus drawings and engravings

are shown beside the finished works to which they refer). And the visitor's progress is carefully arranged so that, in the end, you come out onto the ramparts, and there, around you, below you, is the real thing, the bay, Vesuvius, (deceptively dormant), the cas-tle of Angevins, the royal palace, the cape of Posillipo, where the never-finished Palazzo Donn'Anna still seems about to crumble into the water, just as it seemed when portrayed by Josef Rebell, Pie-tro Fabris, and many an amateur - talented or not - who arrived, paintbox in hand, for a season in the shadow of Vesu-

William Weaver

June 22-28

String Duos ALMEIDA FESTIVAL, LONDON

A whole programme of contemporary works for pairs of unaccompanied stringed instruments is a daunting prospect, for the players as much as for the audience. At the Almeida on Tuesday night members of the Arditti Quartet violinists Irvine Arditti and David Alberman, cellist Rohan de Saram - produced a com-pelling, marvellously vital concert out of just such unpromising material, with works by Rihm, Nono, Takemitsu and Gubaydulina, three of them receiving their British pre-mières in spectacularly well played performances.
Rihm's Duomonolog for vio-

lin and cello ran through the gamut of expressionist and high romantic gestures that have become his stock in trade without revealing any convincing expressive weight; Takemitsu's two-violin Rocking Mirror Daybreak was a tidy sequence of miniaturised tone poems, more muscular, less "exquisite" than many of his chamber works, but as hard to pin down as ever.

Nono's 'Hay que caminar' sognando for two violins, com-pleted in March last year, was spare, and positively aloof in its hermetically restrained content. The two instruments play together, or call to each other from the opposite sides of the stage but always on the most restrained, economical scale:

much of the material consists of long sustained pitches. sometimes broken by a shiver-ing tremolando or the briefest explosion of double-stopping. It is so clearly a "late work," with everything pared down to so audibly related to the string quartet Fragmente-Stille, both in its thematic content and in that the smallest gesture, the slightest dynamic change, is made to take on massive significance, that one wonders how many of Nono's works of his final years belong to this fam-ily, and just what is its raison

Guhavdulina's Sonata:Rejoice! for violin and cello is at first sight much more straightforward, at second thought even more perplexing. Four movements, each framed by spiralling harmonics and skit-tering figuration, sketch out the outline of an old-fashioned sonata, complete with a Shos-takovich-like burst of "optimism" for finale. Nothing quite fits, however, and though the composer's note talks of use of harmonics as a metaphor for another plane of existence," there is nothing transfiguring about the work at all, but instead a deep enigma at its

ARTS GUIDE

EXHIBITIONS

The Royal Academy. The 232nd Summer Exhibition – the oldest established and largest open sub-mission exhibition in the world, the world, hough with only 1,206 assorted works of painting, sculpture, architecture and the graphic arts, it is somewhat smaller than usual Too often underrated for its quality, it covers the broader centre ground of professional hritish art. Daily until August 19, sponsored by the Dai-Ichi Kangyo Bank. The Royal Academy, Modern

Masters from the Gelman Collec-tion - a self-explanatory exhibition of masterpieces of the 20th century from Bonnard and earliest Picasso to Picasso the old man, by way of all the great names of the School of Paris. Matisse, Modigilani and the rest. Until July 15; sponsored by Guin-

Carte musées et monuments sold

in museums and metro station-senable visitors to avoid queues at 60 museums and monuments. including the Louvre, Musée d'Orsay and Versailles. Centre Georges Pompidon. Andy Warhol. Some 200 works retrace the career of the multi-facetied artist who, born of Czechoslovak immigrant parents in Pittsburg in 1928, became one of the mainepresentatives of American Pop Art and part of the Underground Culture scepe. His acrylic paintings inspired by comic strips, his series of Coca Cola bottles and Campbell's soups, of film stars and political celebrities

express an important aspect of express an important aspect on contemporary vision. Projections of Andy Warhol films complete the exhibition. Beaubourg. Closed Tue, ends Sept 10

(42771233).
Galerie d'Art Saint Honoré. A
Flemish 15th century retable.
Around a large-sized 15th century Adoration of the Magi tury Adoration of the Magi-painted by an anonymous artist who combined to great effect northern realism with more than a dash of Italian mannerism, Monika Kruch assembled other works of religious inspiration. 267 Rue Saint Honoré (42801508), open Mon-Fri. Ends Sept 16. Bagatelle Chatean and Trianon. Vienna 1815-1848 ~ the Bieder-meler period. Vienna's museums have lent some 250 pieces of furmeler period. Vising a misseum have lent some 250 pieces of furniture, porcelain, paintings and objets d'art for an exhibition of the style which expressed the Austrian capital's changed mood after the turnoil of Nayoleonic the Biedermeter style. wars – the Biedenmeler style. Bois de Boulogne. Ends August

15 45012010). Petit Palais, James Ensor 15 45012010).
Petit Palais, James Ensor
1860-1949. A retrospective of 100
paintings, 130 drawings and strings brings to mind Ensor's provocative boast of "I am mad, I
am stupid, I am nesty". Born
in the land of Jerome Bosch and
brought up in Ostend in a shop
of seaside souvenirs full of camival paraphernalia, he peoples
his nightmarish universe with
skeletons and grimacing masks.
Jarring mockery and garish colours add to the feeling of anguish
and aggressive rancour. Closed
Mon. ends July 22 (42851273).
Musée Carnavalet, Antique
Musée Carnavalet, Antique Mon, ends July 22 (42651273).
Musée Carnavalet, Antique
bronzes. Some 400 statuettes
bring to life the Gello-Roman
world up to the 5th century.
They are grouped in glass cases

round a divinity surrounded

Brussels Musée d'Ixelles. 71 Rue Jean Van Volsem. La Poetique des Peintres Italiens a l'Aube du XXe Siècle. Ends July 15. Musée Wellington-Waterloo. Inedits sur Waterloo commemorates the 175th anniversary of the Battle of Waterloo. Daily

Rembrandt Bugatti and Belgian Animal sculpture (1860-1880) closed Monday ends July 29. Hes-senhuis, 53 Falconrui.

Braccio di Carlo Magno in Piazza San Pietro: Michelangelo and the Sistine Chapel. This exhibithe Sistine Chapel. 'Ims ermin-tion marks the end of a 10-year project by Vatican restorers on the calling of the Sistine Chapel and the beginning of an esti-mated further four years' work on The Last Judgment. Remark-able for the exceptionally gener-ous opening hours (open every day except Wed and on Set from a Stern to 11-00am) and handsome day except wed and on Ser Irom 9.30am to 11.00am) and handsom catalogue, as well as a rich col-lection of drawings by Raphael, Robens, Annibale Carracci, showing clearly Michelangelo's powerful influence, the exhibi-line also expendit documents tion also carefully documents the techniques used by the

Florence Palazzo Vecchio. The age of Mas-accio: tying in with the reopening of the Brancacci chapel in the Church of the Carmine after a six-year restoration on the cycle of frescoes by Masaccio and Masolino, are 100 works by painters and sculptors who worked in Florence in the golden years between 1401 (the date of Masaccio's birth) and 1440. Knds

Castel Sant'elmo. In the Shadow of Vesuvius: Naples through theeyes of European artists between 1400 and 1800; fascinating collection of over 300 oils. mg constraint at over 300 and draw-ings of a city which has proved irreststible to artists and travel-lers for nearly five centuries. Ends July 21.

Vanice Palazzo Ducale. Titian. This exhibition organised jointly by the Venice local council, the Arts Ministry and the National Gal-lery in Washington marking the sth centenary of the painters birth is the largest for over 50 years. Over 70 paintings are on show, lent by American, Russian

and European museums. Ends Oct 7 and transfers to Washing-

Galleria d'arte Moderna. Giorgio Morandi retrospective. Over 200 works lent by Italian and foreign museums celebrating the centenary of the painter's birth. Limitnary of the painter solutil. Jaming himself almost entirely to still-lifes and landscapes inspired by the countryside around his native Bologna, Morandi has been described as the painter of silence, Ends Sept 2. Städtische Kunsthalle, Molt-kestr. 9. Emile Bernard, a painter always in the shadow of Van Gogh and Gauguin is honoured with a retrospective of 170 early paintings. Einds August 5.

Hamburg

Kunsthalle, Glockenglesserwall. Caspar David Friedrich(1774-1840). To commemorate the 150th anniversary of his death, this exhibition shows 40 sepia, Indian drawings and watercolours of the German romantic artist.

Mathidenhöhe. The seat of the Hess Darmstadt aristocracy, the city became a prominent cultural centre under the Duke Ernst Ludwig, who ruled between 1992 and 1918. He instituted the Mat-hildenhöhe's arts centre Kün-

Museo del Prado, Sanchez Coello (1581-1588). Some 50 paintings by this Spanish artist born in Valencia, predecessor of Velar quez. Mostly portraits painted in the court of Phillip II as well as some religious works. Ends

Barcelona

Fundacion Caja de Pensiones. Edwuard Ruscha retrospective. Clear exponent of the latest artis-tic development of the west coast of the United States, Rustraditional role and to offer an ironic view of reality. Closed Mon. Ends July 15.

New York

New York Public Library. More than 125 documents of the Aboli-tionist Movement, including pho-tographs, letters and rare books, display the spirit and drive of the long effort to free the slaves. Ends Sept 15.

National Gallery. More than 90 prints by Edvard Munch show the Scandinavian artist at his most colourful and prolific, mining his familiar emotional themes of anguish, jealousy, death and loneliness. Ends Sept

Chicago

Chicago Historical Society. The Land of Lincoln does its most famous citizen proud in the exhibition A House Divided, America in the Age of Lincoln, with documents, mementos and personal effects of the Great Emancipator.

Idemitsu Museum. Oriental Idemitsu Museum. Oriental
Ceramics from the Topkapi Palacs, Istanbul. The Topkapi 's
huge ceramic collection is especially strong in pieces from
China and Japan, which ware
brought to Turkey via the Silk
Road of the Sea. A representative
collection has been chosen for selection has been chosen for this exhibition, which marks the 100th anniversary of Turko-Japanese relations. Closed Mon-

Andrew Clements

SALEROOM

Top lots fail to sell The group of Impressionist and modern paintings and sculp-ture fielded by Sotheby's on Tuesday was far from its stron-gest. "Disappointing" was how the auction house described its

results; disastrous may be a more apposite epithet. One of the faintly glimmering stars of the sale, Van Gogh's "L'Escalier a Auvers," was withdrawn after doubts were cast on its authenticity. The rest of the top lots simply failed to sell. The auction totalled £18.777m, with 63 per cent bought in. Last June's sale had totalled £35.4m with 16 per cent unsold. Japanese bidding saved the day. Tokyo-based Aska International alone took away eight lots, and five out of the six top lots went East. Chagall proved the greatest success. His "Soleil au Cheval Rouge" made the highest price of £1.98m, with "Acrobate et Clown" coming in second at £1.43m. "Le Violiniste" went to a third Japanese buyer (Seibu) for £990,000, well under the printed reserve. A Sotheby's spokesman said that reserves had been much too high; two

quite reasonable.

Chagall had also fared well at an earlier sale at Sotheby's on Tuesday when a rare com-

months ago they had seemed

plete set of his illustrations to Daphnis and Chloe went well over estimate by selling at £1.815m. The series is considered the artist's most important lithographs, and was the first time that a complete set

had come up at auction.

Japanese bidding continued to predominate in yesterday's Part II Impressionist sale. Lebasque, Marquet, Pascin and Luce all fared well. The surprise of the sale came as Marquet's beach scene at Les Sables-D'Orlonne shot up to £335,500. The sale's total, £9,710,800, was reassuringly in line with the April results, although the unsold rate was up 10 per cent, at 34.5.

Neil MacGregor, Director of the National Gallery, announced yesterday that Thos. Agnew & Sons are donating £360,000 to pay for the redecoration of the largest room in the Gallery, Room 32, for the display of Italian Baroque pictures. The gift is believed to be the largest made by a picture dealer to a national museum since Duveen, and it is the first instance of a gallery renovation being entirely funded by

corporate sponsorship. Susan Moore NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL Telephone: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Thursday June 28 1990

Mr Bush's lips move

PRESIDENT GEORGE BUSH'S the obvious took some political courage, and means that his Budget summit can at last get down to serious business.

Six weeks have been spent in political sparring. Mr Bush had said at the outset that the talks on reducing the rapidly widen-ing US fiscal deficit should have an open agenda, but his right wing, including his own chief of staff, Governor Sununu, tried to argue that this was still consistent with his no-new-taxes pledge; the Demo-crats naturally suspected a trap. A White House budget proposal last week which made no mention of taxes deepened this suspicion: any tax increases in a bipartisan pro-posal would be blamed on

Now the President has taken the initiative publicly, and pledged his leadership to getting a solution accepted. Some Republicans are still arguing that the statement concedes nothing that was not implicit in the summit initiative. Logically, this is correct; but the open rage of the right wing confirms the political judge-ment of the Democratic leader, Senator George Mitchell: this

was a significant event. The Democrats are satisfied, and will now be pressing for a quick agreement. They would like to see the hateful necessities on display before the mid-term elections in November, and thus finally rob the Republicans of the tax issue. What remains to be seen is whether there is now a consensus for a serious assault on the deficit. or whether this is 1987 all over

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Moving the goalposts

Three years ago a Budget summit produced some cuts; but its main result was to get bipartisan support for an eva-sion – the Gramm-Rudman "fix" which moved the fiscal goalposts, and allowed extra time to balance the budget. They will be moved again, for nobody now pretends that it is practical politics to reduce the 1991 deficit to the \$64bn laid down in the law as it stands: it is the balance between present and future pain which is in

question.

The arguments for evasion are quite persuasive. The US economy is still growing, but it

demand is sluggish, lending institutions are running scared, the construction industry is facing its worst recession for eight years, and defence cuts will depress some regional economies. Exports and investment are growing, but not strongly enough to offset these deflationary forces.

Further, it is true that the

savings and loan bale-out,

Growth threatened

which is a main item in the spending over-shoot, represents expenditures which do not need to be offset by taxes, but are simply book-keeping transactions to fill a threaten-ing financial black hole. Aca-demic economists — and some senior ex-officials — are already warning that a tight budget would probably guaran-tee a recession. That is the con-ventional wisdom, and indeed it is also the main argument against the whole Gramm-Rudman process. A slowing economy reduces revenue; but r the law, this must be met by deflating the economy further. On Keynesian, cyclically-corrected measures, US policy is already tight. Yet the President initiated the budget talks because he was con-vinced that the deficit was

itself a threat to growth.

The bond markets, which ed to be worried mainly by inflation trends, are now con-cerned mainly with the sheer weight of US Treasury issues in a tightening world market for long term finance. The Fed is accused of imposing a credit squeeze, but in these circumstances it could probably not cut interest rates even if it

The world market context both explains the paradox of trying to secure growth through fiscal tightness, and reduces any risk involved in cutting boldly. A cut in US domestic demand and dollar interest rates would revive US export growth through a eaper dollar. It would reduce the US trade deficit and so release savings for an eager world market; and it would help the embattled Latin Amer-

ican debtors.

The risk of a domestic recession remains, but it is probably unavoidable, for there is another lesson to be remembered from 1987: the stock market crash was lar is not robust. Consumer by nerves about fiscal evasion.

Subsidy rules in the EC

THE European Commission has ordered British Aerospace to repay £44.4m in illegal subsi-dies received when it bought the Rover Group in 1988. This represents a victory for Sir Leon Brittan, the European Competition Commissioner, over more siren voices within the Commission who had argued that he should have pursued more vigorously the charge that the car manufac-turer was sold at too low a

price.
While BAc may wish to challenge the Commission's calculation of the sum to be repaid. the UK Government is likely to accept the decision. It will take great comfort from the Commission's implied finding that a reasonable purchase price was paid for Rover under the

The difficulties involved in calculating the proper pur-chase price for Rover suggest the decision is a fair one. In this respect the real damage was done when the Govern-ment, in its baste to secure a quick sale of Rover, ignored the advice of Baring Brothers, its financial adviser, that it would not be possible to secure the best terms for British taxpayers without inviting competitive bids. A fair price cannot be achieved by giving one party monopoly negotiating rights. More important, as the Commission has discovered, it is extremely difficult to determine objectively what constitutes a fair price in the absence of competitive bids. While not going as far as to introduce rules to outlaw them, Sir Leon hinted yesterday that the Commission will take a dim view in future of any closed bids for state-owned industries.

State subsidy

The problem of assessing a fair price combined with the difficulty of reopening an issue which the Commission had examined and finally approved during negotiations with the UK Government at the time of the sale, seems to have been enough to sway commission officials to Sir Leon's point of

The Rover affair, like the earlier decision involving Renault, again underlines the difficulty the Commission has in calculating precise levels of state subsidy in situations where there are no other cases with which to draw a direct comparison. More broadly, like the Renault case, it illustrates the lack of any hard and fast rules in relation to state-owned industry by which governments can assess more objec-tively when they are acting as responsible shareholders and when they are subsidising ille-gally. The room for subjective assessment in this area is too wide. The Commission needs to provide more information to the member states about pre-cisely what aids should be reported, what types of aid will be acceptable and the basis on which Commission decisions in this field are taken.

Political pressures

The behind the scenes row that the Rover decision seems to have engendered within the Commission over the past week also serves to highlight the increasing extent to which political pressures are creeping into EC competition policy. This is very much to be regret-ted in that attempts to influence commission decisions along political lines run contrary to the principle of fair regulation.

This trend raises the spectre of a future and perhaps less robust Competition Commissioner bending too easily to political pressure. It also undermines the whole ratio-nale of giving the Commission autonomous competition pow-ers in the first place, which was to make them independent of national political pressure. The Germans have maintained for some time that in order to curb anti-competitive political influence the regulation of competition should be taken out of the hands the Commission and placed in those of an independent European institution similar to their own cartel office. The decisions of such a body would need to be judi-cially reviewable by the Euro-pean Court, but the idea has merit. The inter-governmental conference on political union to be convened in Rome in December could provide the forum in which to explore the

proposal further.

mammoth 855-page study by Michael Porter of the Harvard Business School entitled The Competitive Advantage of Nations (published in the UK by Macmillan) has had a deservedly good reception. (Fortunately there is also a summary article under the same title in the Harvard Busi-

ness Review of March 1990.)
Porter's basic belief is that
"companies benefit from having strong domestic rivals. aggressive home-based suppli-ers and demanding local cus-tomers." A recurring device is the diamond-shaped diagram. reproduced here. This starts with factor endowments, such as supply of skilled labour or infrastructure. It then goes on to conditions in related and supplying industries; demand conditions; and firm strategy, structure and rivalry. The diamond is saved from banality by the content he puts into it from his case studies.

The category of "related and supporting industries" is subtile. Porter sees the roots of suc-cess in a challenging domestic environment and a network of suppliers, competitors and related higher education and research. His emphasis is on geographical clusters in much smaller areas than traditional states. His favourite example is ceramic tiles, where 60 per cent of world exports are supplied from an area in and around the small Italian town of Sassuolo in Emilia-Romagna.

As for demand conditions, it is not so much the size of the home market as its nature that matters, above all the presence of sophisticated and demanding buyers. Japan's tightly packed homes have spawned quiet air conditioning units; Denmark's environmentalism anti-pollution equipment. The US desire for convenience has encouraged fast food and credit cards. The author regards protected home markets as a recipe for decline.

Fierce local rivalry may be the most important aspect of the whole diamond. While international rivalries tend to be "analytical and distant". local rivalries become intensely personal, but none-theless beneficial. Contrary to the popular image of Japan Inc, there are 112 Japanese companies competing in machine tools and three dozen in semi-conductors. Above all, "competing domestic rivals will keep each other honest in obtaining government support. Companies are less likely to get hooked on the narcotic of government contracts or creeping

Companies that have achieved industrial leadership

industry protection."

employ strategies differing from each other in every respect. Nations tend to be competitive in industries "from which heroes emerge". In Israel it is agriculture and defence; in Switzerland, banking and pharmaceuticals. In Italian light industries such as nies flourish that emphasise "breath-taking flexibility". The German hierarchical system, by contrast, works best in industries such as optics, chemicals, or complicated machinery. The US does rela-tively well in new industries such as bio-technology or spe-ciality electronics, where equity funding helps entry.

Porter's viewpoint is in some ways an economic version of

ECONOMIC VIEWPOINT

Conditions of progress

By Samuel Brittan

Determinants of industrial success

[Porter's 'Diamond'] w i Firm Strategy, and Rivairy Factor Demand-Conditions Related and Industries

Arnold Toynbee's doctrine of challenge and response. Like Toynbee's it is more an explanatory framework than a deterministic theory. Its meaning emerges from what it contra-

For instance, Porter insists

that the contemporary catch-words of "merger, alliance, strategic partnership, collabo-ration and supranational gio-ballsation" are misguided. His fire is directed against the modification of the US anti-trust laws to allow such ventures. In Europe it is directed against mega-projects such as the information technology programme known as Esprit.

Porter states limited conditions under which co-operative research can be beneficial. It should be confined to basic products and processes. It should only be a modest pro-portion of a company's efforts, and should be channelled through independent organisa-tions such as university centres. The most useful projects

The hankering of many exponents of industrial strategy to embrace a "national champion" could not be more wrong. "Most national champi-ons are uncompetitive, although heavily subsidised, and protected by their governments. In many of the prominent indus-tries in which there is only one national rival, such as aero-space and telecommunications, government has played a large

touch several industries requir-

role in distorting competition." Western proponents of industrial strategy have drawn the wrong lessons from the Japanese Ministry of International Trade and Industry. Japanese Ministry of International Trade and Industry. anese companies participate in Miti projects to maintain good relations with the government, and to hedge the risk that com-petitors can gain - defensive reasons. They rarely contribute their best scientists to such cooperative ventures, and usu-

Source: Harvard Business Review, March-April 1990

ally spend much more on their own private research. The author's main interven-tionist idea is a tax incentive for long-term capital gains restricted to new investment in corporate equity. Much more typical remedies he espouses are deregulation and privatisation, combined with a strong, consistent anti-trust policy. Despite all this admirable

material, the very title of the book contains a flaw. For "competitiveness" applies as a general rule to companies or industries, not nations. An individual country can conness problem - for instance if British wage costs are slow to respond to full EMS member-ship. But competitiveness is intensely objectionable as a general success criterion. For it suggests that international economic activity is a zero-sum game in which one country can only gain what another loses.

Porter is well aware of the
absurdity of the notion of an internationally competitive

nation. Is a competitive nation one whose exchange rate makes its prices temporarily low? Germany and Japan have enjoyed large rises in living standards despite the opposite phenomenon of appreciating currencies and periods of declining price competitiveness. Italy prospered despite a chronic trade deficit. India and Mexico have "competitively" low wages, but neither is an industrial model.

The author concludes that the principal economic goal of a nation is to produce a high and rising standard of living for its citizens; and a most important means is higher productivity. Neverthless his book grew out of his work for President Reagan's Commission on International Competitiveness, and he feels obliged to provide countries with competitiveness ratings. These are based on the number of a country's indus-tries which have increased

their role in world markets. Japan, Italy and South Korea were the nations seen as most were the nations seen as most clearly gaining market posi-tions between 1978 and 1985. The US and Sweden were close to halance, although the author bemoans the fact that the US gained shares mainly in resource or commodity-based industries. The country with the worst balance of losers to gainers was of course the UK. ("The challenge of restarting the upgrading process in British manufacturing is palpa-ble.") But the dunce's class also includes Switzerland and Germany, and indeed when the study was conducted Germany was regarded as a country with a strong currency but a ten-

dency to Eurosclerosis.

The possibility of a very different evaluation of the British case emerges from a study of UK manufacturing over 1979-1986 by J Haskel and J Kay in the June Economic Outlook of the London Business School. These authors deline competitive advantage as "rent per unit of input." Rent here is an economists' term which means value added less wage and capital costs. It is thus closely related to gross profits. Haskel and Kay conclude that UK competitive performance indeed improved. For in 1979 companies realised £1.18 for each £1 of inputs. After a dip in 1981 they were able to realise £1.32 in 1986, a rise of 12 per cent. This upgrading

etained by firms themselves. It seems to me that the LBS authors are using "rents" as a proxy for efficiency, while Por-ter's measures are too influenced by the sheer size of industries, and countries'

changing share in world trade.

Porter's book is also marred must catch up with the rest before the continent can become a single economic area.

per cent. This upgrading occurred during a period wher manufacturing output fell.

Of the total increase in productivity over the period some 75 per cent was passed on to the customer in prices lower than they would otherwise have been, 14 per cent went to employees and 11 per cent was retained by firms themselves

an attack on the classical theory of international trade, which misses its key point; this which misses its key point; this is that a country can trade advantageously even if it is more efficient — or for that matter less efficient — than its partners in every product. Failure to see this lies behind the simple-minded complaints that southern or eastern Europe

BOOK REVIEW

A snipe at two establishments

British/American relations are a maze in which it is come which it is easy to become lost. Christopher Hitchens is no exception in his new book, though his starting point is novel and his approach entertaining

The very term "special rela-tionship" — popularised by Winston Churchill in his Iron Curtain speech in 1946 to describe the close links between Britain and the US now confuses more than it clarifies. Always used more in London than in Washington, the term mixes long-term ties of language, history and affec-tion with short-term questions of political and economic national interest.

The danger with the designa-tion "special" is that so much is expected; an allegedly unique closeness has repeat-edly to be demonstrated. Every time President George Bush meets Mrs Margaret Thatcher, they are asked by British reporters, generally from the Tory tabloids, whether the 'special relationship" is still

strong. The question is as meaningless as the answers. Christopher Hitchens implic-itly accepts such a relationship while ridiculing it. He is in the tradition of talented left-wing British writers who achieve fame, and not a little notoriety, in the US via a combination of iconoclastic wit and radicalism seldom matched by their more eaden American counterparts. In this case he bites, or rather nibbles, at both the British and the American establishments.

His thesis is that the wily British have seduced and flattered Americans into initially sharing and then taking over their global responsibilities, in the process betraying the republican virtues of the US. Hitchens is most persuasive in describing the cultural links. On the one hand, the British attempted from Rudyard Kipl-

ing onwards to enlist the US as a junior partner in the empire; the famous phrase "The White Man's Burden" is the title of a poem written in 1898 specifi-cally addressed to Theodore Roosevelt and is about the US conquest of the Philippines. Winston Churchill similarly enlisted the other President Roosevelt in providing help for

Britain in 1940. Yet according to Hitchens. there has been a growing trend towards anglophilia in the US, as British power has decline This started with a desire to emulate Britain and has developed into a sentimental affec-tion for things British, notably the royal family.

But Hitchens's view patron-ses the US as much as did Harold Macmillan's famous remark during the Second World War: "We are the Greeks in this American Empire. You will find the Americans much as the Greeks found the Romans - great, big, vulgar, bustling people, more vigorous than we and also more idle, with more unspoiled virtues but also more corrupt.

The US may have grown by

Blood, Class and Nostalgia, Anglo-American Ironies By Christopher Hitchens

Farrar, Straus, and Giroux, \$22.95

fits and starts into a superpower, but its assumption of this role resulted from a conscious decision, not from a bout of anglophilia. The key moves, starting in 1947 with the Truman doctrine aimed at containing communism in Europe, were in response to the inability of financially-stretched Britain to sustain worldwide commitments. But they also represented an asser-tion of US interests by a farsighted group of American pol-icymakers around Dean Ache-

The real problem for the British is that they often forget that the US is a foreign country. A shared language, hospitable American friends and superficial similarities mask fundamental differences. The US constitution, with its sepa-ration of powers and federal structure, was, after all, created as a reaction against the British system. The point was best put by (of all unlikely peo-ple) President Woodrow Wilson in London in 1918: "You must not speak of us who come over

here as cousins, still less as brothers; we are neither."

The US pursues its own national interests largely unmoved by ties of affection. American officials had a longstanding anti-colonial suspi-cion of Britain until their own imperial fiasco in the Vietnam

President Reagan was a partial exception. His admiration for Mrs Thatcher, and his lack of understanding about the rest of Europe, gave her con-siderable access in Washing-ton, creating illusions in Lon-don about the extent of British

Under President Bush the balance has been redressed. Not that his administration is in any sense anti-British; rather, the Bush team regards the UK as one of a number of sizeable European powers, but has its immediate focus, not surprisingly, on the relation-ship with Bonn.

Yet Britain remains a more important ally in Europe for the US than its economic position justifies. In part, this reflects close defence and intelligence links, which will con-tinue as the US sharply reduces its forces in Germany. But it is also because Britain has been a more reliable ally, pursuing a consistent policy (except during Suez and when Edward Heath was Prime Min-ister) of avoiding public dis-agreements with the US, what-ever the private reservations.

So while talk of a special relationship is now misleading, the British-American relationship is distinct and living, not a fading imperial echo, as Hitchens suggests.

Peter Riddell

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Schools of kings

■ King Simeon of the Bulgarians came to see us yesterday. Clearly he has some hopes of returning to the throne on which he sat as a small boy for a few years in the mid-1940s. Equally the aim is to be a constitutional mon-arch – or "constitutional guar-antor", as he puts it.

The model is Juan Carlos.
"I grew up with him," Simeon

rigrew up with him," Simeon says quietly. It was Juan Carlos who helped to preside over the transition of Spain from dictatorship to democracy. The Spanish King is due to visit Bulgaria early next year. "He will get an amazing welcome," according to Simeon. Simeon knows a lot of other

monarchs as well. He has recently seen Queen Elizabeth II, who is close to Juan Carlos and gave advice to him in the

early days.
The regal connections spread beyond Europe. Simeon is an old friend of both King Hassan of Marcore and King Hassein. of Morocco and King Husseln of Jordan. He was at school with the latter - not at Har-row, where Hussein went later but at Victoria College, Alexandria.

Simeon's own further education included a spell at Valley Forge Military Academy in Pennsylvania where he entered as Cadet Rylski and emerged as a 2nd Lieutenant. Nowadays he looks like an artist and talks like a liberal capitalist. What he wants for Bulgaria, he says, is not so much a Mar-shall Plan as a transfer of tech-

nology. He tries to keep his profile as low as possible. He is not even listed in the International Who's Who. He says that he has assured all the Bulgarian authorities that he will not try anything on – mount a coup or anything like that. Even Juan Carlos, he notes, kept on good terms with the leadership of the national Com-munist Party. Simeon also says that is "fairly Russophile." (Bulgaria

Observer has never had the problems with Russia and the Soviet Union that have plagued most of the other eastern countries.)

Mrs Robinson

much impressed.

There was a great deal more

besides: all in all, we were

Here's to you Mrs Robinson! That is Linda Robinson, the public relations mogul and wife of Jim Robinson, chairman of American Express. For it is Mrs R who appears to be a key beneficiary of a \$2.6m severance and \$7.5m

stock option pact for Peter Cohen, the former chairman of American Express's Shear son Lehman. son Lehman.

The lawyers for American
Express, which owns the troubled Shearson, have persuaded
Cohen to sign a series of
unusual documents in which
he agrees not to bring a lawunit restrict overwhite.

suit against executives of American Express and Shearson – and their families.

This is understood on Wall

Street to be a fairly clear reference to Mrs Robinson. Cohen, who was forced out in January, had crossed swords with her over the \$25hn buyout of RJR Nabisco. There had been talk of legal action.

Smith's day

■ The bicentenary commemoration of the death of Adam Smith got off to an unexpect-edly intimate start in a very humid Edinburgh. To begin with, the Wealth of Nations 1990 conference was

all too much for John Gut-freund, chairman of Salomon Brothers, the bank where his traders are supposed to be "ready to bite the ass off a bear" when they come to work. It could have been the dim lighting and close atmosphere of the historic Lyceum Theatre which inspired Gutfreund to



make an impromptu departure from the prepared text of his keynote address to economists businessmen and politicians from all over the world. However, no-one was heard complaining over the excellent shortbread in the coffee break afterwards. Gutfreund's detailed account

of a cycling holiday in England and Scotland in 1948, with a male friend - showing total recall of sporting visits to Wimbledon and Wembley – was, after all, not included in the conference price: £1,750. Denis Healey also spoke with feeling, though without Gut-

freund's nostalgia. He made several game references to the works of Adam Smith in his speech about a stable Europe, but could not resist a jibe about the poll tax, of which he said Smith, like most of his countrymen, was a root and branch opposer.
And despite the excellence

of the hand-made conference shortbread, Healey caused the audience some bewilderment with his final remark, (borrowed from an American): "England is the only country I know where the sex is safer

than the food." "You might have the chance to discover this later in the week," he added cryptically.

Invisible

■ We have been trying on and off over the past few days to discover whether Adam Smith ever made a joke. And although there is a whole book called The Wisdom of Adam Smith and subtitled "A collection of his most incisive and eloquent observations," the jokes remain as invisible as the famous hand. A suitable reward will be sent to anyone who proves us wrong.

Japanese gold The Japanese effect on the gold market may be bigger than we first thought. Not only have they long eaten gold on their sushi and drunk it in their sake; now they are going to smear it on their faces. Kanebo, a leading cosmetics company, is launching a line of eye-shadows, face creams and nail polishes all containing flecks of pure gold. The make-up is designed to go with gold jewellery and clothes, says the company.

Kanebo claims that Japanese have developed a taste for "real" things, including real gold jewellery. The target buyers are young women.

Centipede

■ Having soundly beaten the animals, the insects troop off the pitch to celebrate. Spider finds the star player Earwig (who for reasons of superstition always wears the number nought) crying in the corner. Earwig says that while Centipede scored a record 50 goals, it was he who had been the architect of the victory and this would never be recog-nised. "Oh yes it will," sald Spider. "Listen to the crowd." And sure enough they were singing: "Earwig-O, Earwig-O, Earwig-O . . . "

BUSINESS



HANSON'S HEIRS Successful chips off the old block

HUNGARY'S LOCOMAKERS Hunslet's helping hand

ADVERTISING ARRIVISTES The French muscle in **ELECTRIC CARS**

GM's mass production promise FANCY FOOTWORK

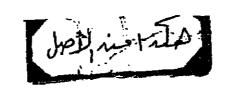
Shoemakers up on their toes THE CITY OF LONDON
Time to look to its laurels

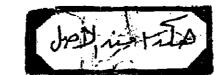
PLUS... BUSINESS IN THE COMMUNITY: WHO HELPS OUT AND WHY, INSIDE BUSINESS, MAKINSON ON THE CITY, HEALEY ON ECONOMICS, PERSONAL FINANCE... AND THE BUSINESS DIARY.

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he spectacle of Mr Don-ald Trump's brush with bankruptcy this week, like everything else about the man's financial and personal affairs, had the air of a cartoon strip come to life. This is a bit of a shame because the Trump story — with its yachts, heli-copters, financial drama, mari-tal separations and general hullabaloo - only seems like a cartoon strip. It is actually

both an epitome of 1980s excess and a pointer to how American society may treat some of its more celebrated financial Mr Trump's much-vaunted

debt rescheduling, which to many observers looks more like an orderly liquidation, does not mean that he is quietly fading away. It merely means that he is now so discredited as to resemble one of those great inflated comic book characters that are filled with helium and pulled along Central Park West in the annual

Thanksgiving Day parade.

Donald is in this right up to his neck. I think he is in a lot deeper than he ever thought he would be," opines a top New York investment banker who is searching for buyers of the Trump assets that are now up for sale.

His position remains precarious. He won't be allowed that much of a hands-on role in running his business again." says a commercial banker who has been close to the Trump

What with \$2bn of bank debt, of which about \$300m was given to him on an unsecured basis and on the strength of personal guaraninterest charges of about \$200m. That does not, however, include an estimated \$150mplus of interest to be paid on four junk bond issues that

have a face value of \$1.3bn. The Trump Organisation has a negative cash flow estimated at some \$60m a year. And in a fire sale, Mr Trump's net worth

would also be negative.
This is the crisis which Mr Trump has brought upon himself by the sloppy financial management of his empire — his overgearing; his tendency to take out 110-120 per cent mortgages on properties with-out doing proper cash-flow accounting, and so forth.

A fair amount of the blame

must be shared by his main banks - Citicorp, Chase Manhattan, Manufacturers Hanover and Bankers Trust — which blithely threw money at Mr Trump. There is specula-tion on Wall Street is that a handful of senior bankers at these institutions stand to lose their jobs or be demoted as a result of their backing for the

Donald is Trumped with his own petard

Alan Friedman on the all-American morality tale of a New York real estate developer

properties. The hail-out will also allow the banks to appoint a chief financial officer, reor-ganise the holdings and pro-

ceed with an orderly disposal

property developer, who seems at times to have exerted as powerful pull on his creditors as he did on the DS ----time as he did on the US media.

Bankers were so desperate to make real estate loans in the 1980s that otherwise prudent loan officers persuaded themselves that putting Mr Trump's name on buildings could some how enhance their intrinsic value. And for a brief spell, this may even have been true.
Some US commentators have

tried to liken Mr Trump to a

whose downfall will not bring down any important financial

Soon Mr Trump will be walk-

ing (or flying) about New York

on a strict monthly personal spending allowance, of \$450,000, imposed by his bank creditors. This is an undeniable cut from the average \$600,000 a month he is estimated to have been spending

of late, and is set to fall fur-ther: to \$375,000 a month next year and \$300,000 the year

after. To cover this, he will

have to submit receipted expenditure accounts to the

banks. "You can call it a leash," said one banker.

The emergency financial package that has emerged in

recent days is thus more a

requiem than a new lease on life. It will give him an emer-gency \$20m bridge loan for 30 days, then a \$65m rescue pack-

age and a two-year suspension

Doonesbury

of several assets. Among the pieces of Mr Trump's empire likely to go first are his 72-acre parcel of land on Manhattan's Upper West Side, which has \$200m of debt attached to it; the Trump

of interest payments on about \$300m of his bank debt in exchange for second liens on the bit to get out there and say something in public all along. We've had to really restrain him to keep him from looking like a fool by announcing he's back on top before the debt talks are over," complained another Trump banker the other day.

Sure enough, when his res cue package was eventually complete on Tuesday evening Mr Trump put out a statement in which he sounded more like an Academy Award winner

BY GARRY TRUDEAU



Latin American sovereign Shuttle (although there are no buyers so far); the Plaza Hotel, the landmark hotel on the debtor on the verge of default ("Donald Trump is Argentina," said one). They are taking him far too seriously. In the larger scheme of things, Mr Trump is not Argentina; he is a relasouthern edge of Central Park (like other Trump assets, said to be worth less than its debt burden); the Trump yacht and tively minor real estate hustler the personal jet. albeit one whose buildings are all named after him -

"This rescue deal is really a slow-motion bankruptcy in dis-guise, but it saves us time and the expense of bankruptcy law-yers and court proceedings," explained one Trump banker, who, like others involved, asked to remain anonymous. But the inimitable Mr Trump will inevitably try and present events in his own light.
"He has been chomping at

bankruptcy. "I want to thank all of my banks and lending institutions for making this complex and technical agreement possible," he intoned.

The parlous financial situation that first caused Mr Trump to default two weeks ago on \$73m of interest pay-

than a real estate developer

who had only narrowly averte

ments on bank loans and casino bonds is partly the result of the real estate down-turn and partly the result of Mr Trump's ability to spread his borrowings among seven main banks and 57 syndicate members. Until recently, none of the bankers had even seen a REST AND ASSET SPEAKBAUMS

DEDI ARD ASSEL B	VENUDÂ M L	
	Estimated Mar Asset	ket Value \$m Debt**
Trump Plaza Casino	273.4	250+
Trump's Castle Casino	335.1	300
Trump Taj Mahal	726	***
Grand Hyatt (50% stake)	115	250-300
Plaza Hotel	430	400
Trump Shuttle	400	275-300
Alexanders (30% stake)	64	64
Upper West Side land	200	150+
Trump Tower (retail space and offices)	76	150
Figures FT estimates based on SEC flings and ban not a comprehensive list of assets; there are other i "Tramp empire's lost debt is \$3.3m; \$2bn is in bas "The Tej Manai opened in April and it is too soon.	ootets and residential nk loans and \$1.3bn k	projects. n junk bonds.

consolidated overview of the Trump Organisation, which has estimated annual revenues of about \$1.1bn.

How did the banks allow matters to get so out of control? One answer is to be found in Mr Trump's own words. On page 13 of his 1987 bestseller (TRUMP: The Art of the Deal), he recounts a trained Truscher. he recounts a typical Tuesday morning. The entry for 11am reports: "I meet with a top New York banker at my office. He's come to try to solicit business, and we have a general talk about deals I'm considering. It's funny what's happened; bankers now come to me, to ask if I might be interested in borrowing their money.

To some foreigners the most striking feature of the affair is the speed of Mr Trump's fall from grace. Yet this is America, where it is still possible to come from nowhere, establish a nationwide presence through force of ego, and eventually slip back into oblivion.

At an East Side dinner party this week some of Manhattan's more influential bankers and lawyers rolled their eyes at the mere mention of Mr Trump. One old hand made the now socially requisite joke about his wife Ivana ("She should have taken the money when she could"), and then mumbled about how Wall Street and real estate developers may find in the 1990s that they will have to make money the old-fashioned way again.

Two years ago Mr Trump was hounded by autograph seekers while attending the US Tennis Open. He proceeded to pull dollar bills out of his pocket, sign them and give them. them away. Now he is the object of more Schadenfreude than anyone might imagine unless they live in the United States. But his fall is probably more than just a media event or a symptom of lowered financial expectations in the 1990s; it is an expiation for a nation that is beginning to realise that some of its best-known 1980s business heroes were either hable to end up in jail – à la Boesky and Milken – or had feet of clay. As for the man now known

universally by the nickname given him by his wife — "The Donald" — he will still be a one-man spectacle, make plenty of noise, claim he is back from the dead and proba-bly go on television chat shows this autumn to promote his new book, which is tentatively entitled TRUMP: Surviving at the Top. Mr Trump and his edi-tors are rumoured in the publishing business to have agreed that a modicum of rewriting may be in order. German unification

National mind in a state of muddle

By Carl-Christoph Schweitzer

The outside world should feel sorry for the Germans instead of fearing them. Why? Because many in the east and west of the formerly united Germany seem to have forgotten what it is to be a one-nation state.

Some of Germany's neighbours in eastern and western Europe – or at least, their governments – are pretending to be nervous in the face of a new Germany with 80m people. They are pondering safeguards of all sorts within and without Nato to prevent any new all-German yearning for supremacy in Europe. It would be better for Germany's neighbours to reflect on this: that 40 years of communist rule in the east and of capitalism in the west, have damaged a healthy national feeling of "belonging

together."
Such a new sense of emotional togetherness did come fleetingly to the surface last November, when tens of thou-sands of East Germans man-aged to get to the west via Hungary and when East Ger-mans staged the first success-ful democratic revolution in German history

German history.
But the subsequent enforced rush towards unity means that in German eyes, the dust on Germany's future is only now

1990, 80 per cent of West Ger-mans in principle favoured mans in principle favoured unification, only 25 per cent of them were prepared to accept (in the words of the opinion poll question) "inroads into their living standards for the sake of achieving that goal." By contrast, people in East Germany, while continuing to demand "one Germany", are voicing anxiety of all sorts — increasingly as the turning increasingly as the turning point of monetary, fiscal and social union on July 1 draws

The irrational feeling of being threatened by a "sell-out" explains why the nowhated communists - under a new party label - can still command the votes of about 15 per cent of the population with their anti-capitalist propa-

What do such figures demon-strate in political terms? One has to differentiate between the age groups. The generation of "grandparents" of today, those over 60, has a much stronger sense of German togetherness, for the obvious reason that at least the older members have some memories of a united country. The "parent generation" - roughly between 35 and 55 - seems to be far more detached about an

all-German future. The gulf is symbolised by the differences between Mr Oskar Lafontaine, the Social Democrat candidate for the Chancellorship, and his former political "tutor", Mr Willy Brandt. For Mr Lafontaine, the prospect of having to govern a united Germany is, at least emotionally, not welcome: while for Mr Brandt, reunification is the one thing he yearns to see completed in his life-

As for many of the young generation, above all the mil-lions of students in West Germany's universities, the whole issue does not seem to matter very much. As a university professor, I have been able to observe young West German academics at close range for 30 years. The pattern has not changed much since the end of the 1960s. While students demonstrated time and again en masse for human rights in South Africa or Chile, there was not a single demonstration worth recording after the building of the Wall in 1961 against the shoot-on-sight

regime of East Germany.

There are many explanations for this sorry state of affairs. The ever-present memory of Nazi crimes seems to have wiped out the distinction natural to other peoples and nations - between a nationally-minded feeling on the one hand, and a national-chauvinistic one on the other. Added to this was a typical German especially prevalent in Protes-tant church circles, to the effect that, because of Hitler, the Germans forfeited a fundamental right to national state-

The positive side of this is that West Germans throughout the past 40 years have been more or less ardently in favour of progressively surrendering national sovereignty to a kind of United States of Europe.

So the German national mind is clearly muddled. No less a statesman than Bismarck - who looked upon himself as a Prussian first and foremost ~ once said that the Germans needed a monarch as a "Hutständer" on which they could deposit their various regional hats, to make them feel "all-German". Would a queen do the trick for the Germans, with or without the trooping the colour ceremony? I doubt it, because you can recover neither colours nor

monarchies once such symbols have been smashed.

What about the French?
They had their revolution in 1789, smashing everything. After that came an emperor, then other dynasties and finally the republic, the fifth and present one, characteristically, with a semi-king at the top. With their 14 per cent-plus in favour of Le Pen, the French seem a much greater chauvin-istic danger today than any-thing on offer in East or West

Germany. Whatever Clio, the goddess of history, holds in store for the Germans and their fellow Europeans at the end of the millennium, one thing is clear. The Germans are and will remain for the foreseeable future entrenched on the side of the west, standing for western democratic values. The Germans, incidentally, helped forge these values in former centuries of their own history a fact often overlooked both within and outside Germany.

To conjure up a new version of the Third Reich is nonsensical shadow boxing. Rather than worrying about this, Germany's neighbours should be more expressionable to the idea.

sorry lot, in spite of their eco-nomic power and glory. The author spent the war years in Britain as a refugee years in Britain as a rejugie from the Nazis. A former Social Democrat deputy, he has been professor of political science in Berlin and Bonn since 1963.

more sympathetic to the idea

of Germans developing normal national feelings. Otherwise,

the Germans will remain a

LETTERS

Nationalism may ride on

From Mr Doug Hemwood. Sir, Ian Davidson's introduction to your survey of France (June 26) was literate and thoughtful But I finished reading it a little more confused

than when I began.
Until recently, according to
Mr Davidson, France was a
fairly happy place, but now it
finds itself in a funk. The reason, he suggests, is that the centralist-Jacobin model is under challenge from the completion of the European market in 1992, and the larger world

If a good deal of France's ling term success is the result of that (now discredited) model — a proposition it would be hard to argue with — then what are the charms of economic integration if they bring social malaise, even neo-fascism in their make? Are these cism, in their wake? Are these charms so self-evident to Mr Davidson and the "over-edu-cated élite" which runs France that there is no need to rehearse them for the FT's ophisticated audience?

The lessons of the Soviet The lessons of the Soviet Union and eastern Europe, where the forced adherence to a single plan has ultimately given rise to a host of local nationalisms, seem lost on the business and political strata of the OECD countries, which ignore the sentiments of those unfortunates left behind in the drive towards a single world drive towards a single world market. As European integration proceeds, we may see more, not less, of what ian Davidson calls the "transitional" stresses of Le Pen-ism. Dong Henwood, Left Business Observer,

Strategic contradiction

250 West 85th Street.

New York City, USA

From Mr Nigel Evans. Sir, is it possible to explain why, when South Africa embarks on internal reforms. the European Community feels that the stick is the best method of encouragement yet when the Soviet Union initates reform the EC wants to offer a carrot.

Why this apparent difference in strategy? Nigei Evans, 5 Graightyd Square,

Measuring retail property values

From Mr Russell Schiller.
Sir, Maggie Urry's story
(June 22) covers our report to
the affect that retail property values had fallen by 13 per cent in the year to May 1990. On the same day your property column carries a table by the Investment Property Database (IPD) showing changes in retail values of only minus 1.4 per cent. It would be understand-able if some of your readers felt confused.

felt confused.

My guess is that most people in the property market believe that minus 13 per cent is nearer reality than minus 1 per

cent. Let me try to explain. The IPD index is based on a large sample of actual proper-ties held in portfolios. There are a number of property indi-ces measured in this way. The method is comparable to that used to measure equities and

In practice, however, portfolio-based indices tend to smooth out fluctuations in the market, and also to lag behind them. I should not be surprised if IPD showed big falls in retail values in the coming months.
Our organisation, along with some of our competitors, mea-

sures the market using open market values. This method does not allow for the real world peculiarities of property (depreciation, complex tenure and other idiosyncrasies), but it does give a reasonable approximation to what is actually happening in the market. When values are moving

slowly, the difference between the two methods matters little. But when the market is mov-ing fast, as now, IPD's portfolio method can be misles Russell Schiller, Hillier Parker May & Rowden, 77 Grosvenor Street, W1

Profits versus capital in UK company payouts

From Mr Roy Colbran. Sir, Lex (June 25) comments on the tendency of UK companies to pay high dividends. It seems often to be overlooked that the UK tax system actually offers a strong incentive towards maximum distribution.

Many shareholders are pen-sion funds or other institutions with some degree of tax exemp-

Advance corporation tax on distributed profits may be reclaimed by them; the equiva-lent amount cannot be recovent amount cannot be recovered from the Inland Revenue if the profits are retained in the business.

In a different way, the private investor can also suffer extra tax from retention of profits.

Keeping taxed profits in the

business should add in due course to capital growth, enhancing the share value. So the benefit of these profits will be taxed again as capital gains, when they emerge on eventual sale of the shares. Tax neutrality is still a long way off. Roy Colbran,

Too hard a line to follow any longer

From Mr John Bruce Lockhart. Sir, The shape of the House of Commons has dominated British politics since the early 1920s. That corridor down the middle of the Chamber has denied any hope of power to

any third party.

At its simplest, a third party has nowhere to sit. This has been so since the Labour Party won 142 seats in 1922 and became recognised as the "loyal Opposition."

The two-party system worked well enough when aristocratic Whigs quoted Latin tags on one side, and land-owning Tory squires sat or slept opposite. But those days are long past; and we are cursed by Churchill's decision to rebuild the House of Commons exactly as it was after its bombing by German action in the Second World War.

Today the Labour party, in opposition for a decade, includes able and patriotic members of Parliament. Yet they have had to to dedicate their parliamentary lives not to the promotion of British interests, but to the pursuit of power through votes. That corridor down the middle of the Chamber forces them publicly to denigrate all government policies, and apparently to rejoice in British misfortunes.

This makes a depressing spec-tacle for the public — and must be slow spiritual death for those who have to partici-

The old accepted wisdom is that two parties, directly fac-ing each other, leads to strong government. This is no longer Maybe the answer is a strong

"cross bench," maybe a semi-circular House of Commons, maybe some form of proportional representation, maybe government by coalition. But the corridor must go. John Bruce Lockhart,

'Mr de Klerk needs support, not stick'

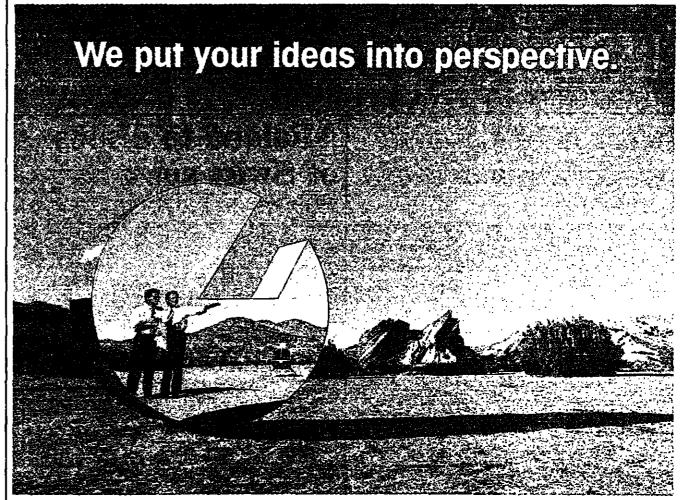
From Mr J.P. McDonagh Sir. As if the declining gold price were not inflicting sufficient woes on the South African economy, at \$340 or some R900 an ounce, a score of South African gold producers have already become non-viable. The European Parliament has now voted by a majority of 177 to 47 (with five abstentions) to prolong economic sanctions

It was predictable that the against SA. n was predictable that the European left would outnum-ber and outweigh the Euro-

pean conservative right. But what do European socialists find so alluring about the track record of the African countries to the north, that these voices seek to destroy, or at least undermine, the power-house of South Africa - one of the very few countries on the African continent that enjoys a sophisticated infrastructure and "first world" management and continues to meet its foreign obligations? Are people on the European left so higoted as to be unable

to perceive that by heaping these coals of fire on South African heads they are exposing the liberalising policies of Mr de Klerk, the South African President - to which measures he is irrevocably committed - to exacerbated attacks from radicals of both right and left? What Mr de Klerk needs now is European support, not stick.

J.P. McDonagh. PO Box 65158, Bernnore. 2010 Transpage



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Bucharest.



Thursday June 28 1990

David Marsh meets the man bringing D-Marks to East Germany

ohann Wilhelm Gaddum is the Bundesbank director with special responsibility for bringing into East Germany something even more precious than the D-Mark: opti-

Mr Gaddum, who has been on the central bank's sevenman directorate for three and a half years, is playing a key role in next Sunday's German monetary union. He is head of the Bundeshank's provisional new sub-headquarters in East Ber-lin, charged with supervising the central bank's network of 15 branches.

When I am in East Germany, I talk more of the oppor-tunities than the problems," says Mr Gaddum. "There will be plenty of opportunities to make mistakes, but there are also great chances for bringing them (the East Germans) up towards our economic stan-dard. You have to go there

with a certain optimism."

The 60-year-old central banker is a member of the Christian Democratic Union. As finance minister of the state of Rhineland Palatinate during the 1970s, he built up close links with Chancellor Helmut Kohl, who was then the state's prime minister. In similar vein to the Chancellor, Mr Gaddum declares that the D-Mark is entering East Germany "as a symbol of political and social freedom." Proclaiming his opposition to too much finan-cial "nitpicking" over the unity



Johann Wilhelm Gaddum 40 years, the people there have had to go along another path to ours. Now it's a question of

helping them."
Born in Berlin, Mr Gaddum moved to the Rhine before the war as a six-year-old. Now, he is in East Germany three days a week as the Bundesbank pre-pares to take a further 16m people under the wing of the D-Mark.

This week will see the com-This week will see the completion of distribution around East Germany of DM25bn (\$14.88bn) in D-Marks – 600 tonnes of notes and 500 tonnes of coins – transported from the Federal Republic in convoys of heavily guarded trucks. Next Sunday, initial amounts of these D-Marks will be paid of these D-Marks will be paid out to East Germans, as a debit on their newly converted East

Mark bank accounts, at 10,000 exchange centres.
Introducing the West Ger-

man currency is, according to Mr Gaddum, only the visible part of the iceberg. The task of the next few months will be to build up a brand new control and regulatory mechanism for supervising the money supply in East Germany. The first move has been to install a reliable telephone system among the Bundesbank's new branches. "Preparations for the currency switch have occupied us most. What happens next

will be, if anything, still more difficult." Mr Gaddum says. This week he is visiting five more of the Bundesbank's provincial offices: in Dresden, Chemnitz, Magdeburg. Halle and Gera. By next Sunday, Mr Gaddum will have been to all 15 of the branches, set up in old buildings of the soon-to-beliquidated East German central

bank, the Staatsbank. The Bundesbank will employ in East Germany roughly 200-250 people sent from the central banks of West Germany's 11 federal states, together with 700-800 from the Staatsbank.

Many of the new East German offices formerly belonged to the pre-1945 Reichsbank. In East Berlin, the Bundesbank has established itself in the old Reichsbank headquarters. Until the end of last year this housed the all-powerful central committee of the SED, the East German Socialist

poverty, in an economy with 2,200 per cent annual inflation.

Serious drought in the south of the country prompted Mr Perez de Cuellar to launch an \$5m UN-sponsored emergency

fund on June 8.

Mr Pérez de Cuéllar and Mr

Iglesias have been making

Unity (Communist) Party. Mr Gaddum is believed to be taking over the desk of Mr Gunter Mittag, the SED's economic czar now blamed for much of the ruinous state of the coun-

Mr Gaddum has been impressed by the speed with which local authorities in East Germany have given approval for building alterations in the Bundesbank's new offices. In particular, the vaults are being made more secure in an operation which will continue long after July 1.

The energetic head of the Bundesbank's archives depart-ment. Mr Dieter Lindenlaub, has sent a request to the East German offices to ship back to Frankfurt old vault doors and other Reichsbank memorabilia for a museum display.

How long will Mr Gaddum's new job last? Political unity is now expected to take place with all-German elections in December. Thereafter, at least several months will be needed to work out a new Bundesbank law to place its operations in East Germany on a permanent hasis

Mr Gaddum has become a regular customer of Pan Amer-ican flights between Frankfurt and Berlin. It looks as if he will be commuting between his desks at the Bundesbank and the Reichsbank for some time to come.

Caution marks UK approx Page 2; Japanese bank sees 10 per cent growth, Page 4

industrialised governments to deal with the Garcia Adminis-

tration whom they regard as

responsible for serious eco-nomic mismanagement. Fol-lowing Mr Fujimori's election

on a commitment to give high priority to restoring relations

with the IFis, the atmosphere has reportedly changed among

potential donors.
To co-ordinate the meeting,

To co-ordinate the meeting, Ms Margaret Anstee, directorgeneral of the UN Office in Vienna, was sent last weekend to Lima for talks with Mr Fujimori. A major problem is Mr Fujimori's infant economic team and their continued lack

of detailed economic plans.

results to be down by over one

Guyerzeller Bank, a private

investment management bank. Samuel Montagu, Midland's

merchant banking arm, itself has a separate subsidiary in

US politicians continue the wrangling over budget deficit

Congressional leaders yester-day resumed detailed negotia-tions on a comprehensive package to reduce the budget deficit as the political world was still as the political work was sind trying to absorb the implica-tions of President George Bush's abandonment of his read my lips, no new taxes"

pledge.
The main evening television news programmes dramatised the contrast between Mr Bush's 1988 campaign promise and his change of position now. The message of a major reversal of policy was rammed home in the headlines of yes-

ment provides them with the desired political cover to propose higher taxes, are preparing a package intended to cut the deficit by about \$50bn in fiscal 1991, starting this Octo-

There is agreement among

nature of tax cuts and the balance between cuts in domestic and defence spending. It is now virtually certain

864bn under the Gramm-Rud-man law. The targets are likely to be revised upwards and the date of a balanced budget put

By yesterday, more than 90 House Republicans, as well as candidates in tight races this November, had protested to the White House, describing any tax increase as unaccept-

able.
The most poignant comment came from Massachusetts Govcame from Massachisetts Gov-ernor Michael Dukakis, who was the losing Democratic presidential candidate in 1988. He said: "I told the truth and I would be down this year because of difficult trading conditions. Analysts now He said: "I told the truth and I paid the price. Mr Bush did not and we're all now going to have to pay the price for that."
Political consultants were divided yesterday about the impact of Mr Bush's statement. expect Midland's interim The sale of Handelsfinanz will not end Midland's pres-ence in Switzerland: it has a major stake in Zurich-based Some suggested that the Republicans would now lose one of the key issues which helped to define them favoura-

bly compared with the Demo-Others pointed to declining public opposition to tax increases and argued that Mr Bush might not suffer if a deal was seen as being good for the US and helped to bring down interest rates and avoid a recession, especially in the

By Peter Riddell. US Editor, in Washington THE US Administration and

terday's paper; the tabloid New York Post bluntly stated: "Read my lips, I lied." Congressional Democrats who feel that Mr Bush's state-

the negotiators that deficit reduction should be in that

range, give or take \$5bn or so, as the first instalment of a multi-year package.

There is, however, sharp disagreement about the scale and

that any package will not bridge the gap between the current projection of a deficit of \$159bn in fiscal 1991 (even before allowing for the costs of the savings and loan rescue) and the statutory target of

back again. The main impact of Mr Bush's announcement was felt by the Republicans. Some party leaders said publicly, and Mr John Sununu, the White House Chief of Staff, claimed privately, that nothing had changed and the statement was merely a reformulation of Mr. Buck's provious position Mr Bush's previous position that everything was on the

This view was not shared by the Democrats or an ton commentator.

run-up to the presidential elec-tion in 1992.

Finance leaders to meet Peru President-elect

By Robert Graham im London

LEADERS of the international financial community will meet Mr Alberto Fujimori, Presi-dent-elect of Peru, in New York tomorrow to hammer out an emergency aid plan for the debt-ridden South American

Those attending the meeting. under the aegis of Mr Javier Perez de Cuellar, UN Secretary-General, include Mr Michel Camdessus, managing director of the International Monetary Fund, Mr Barber Conable, World Bank president and Mr Enrique Iglesias, head of the Inter-American Development Bank. This is the first time such

key financial figures have met a president-elect to seek both emergency assistance and

REPSOL, the Spanish energy conglomerate, and La Caixa,

bank, agreed in principle yes-terday to merge their gas dis-

tribution assets to form one of

Europe's largest gas utilities,

with control over assets now

capitalised in the market at at

point so far of a grand government design to restructure the gas supply industry in Spain, and it casts considerable doubt

over the future of the 8.5 per

cent stake in the country's biggest gas company, Catalana de Gas, bought last year by Brit-

ish Gas. La Caixa owns 23.6 per cent of Catalana de Gas and Repsol has nearly 12 per cent. Both the Industry Ministry and Mr Oscar Fanjul, Repsol's chairman strongly onese the

chairman, strongly oppose the presence of foreign sharehold-ers in the new holding com-

Analysts say gas distribution is one of the most secure

growth areas in the Spanish economy. Gas accounted for

only 27 per cent of primary energy consumption in 1983

and government plans to

increase that to just under 9 per cent by 1993 should see

consumption double between

Repsol and La Caixa said yesterday they had agreed to each take 50 per cent of the

1988 and 1992.

The agreement is the high

least \$2bn.

country's biggest savings

Merger of Spanish

gas systems agreed

retary-General, a Peruvian, is understood to consider his country's plight so dramatic that early agreement with Mr Fujimori is essential if the

Peru owes \$800m in arrears to the IMF out of total arrears

New York by commercial banks for immediate payment of \$2bn in arrears on total for-Mr Fuilmori, 51, an aeronom

country's relations with inter-national financial community are to be normalised

Peru is also being sued in

what might be needed. He is to take office on July 28. It is unclear how much the international institutions and foreign governments are prewould be necessary in debt write-downs, interest relief and debt rescheduling - apart from food aid for some 7m people now regarded as in extreme powerty in an expression with

to the international financial institutions (IFIs) of nearly \$2bn. The outgoing administra-tion of President Alan Garcia has allowed relations with the IMF to deteroriate almost to the point of expulsion from the

new holding company, which will group Catalana de Gas

with Spain's second largest gas company, Gas Madrid, which was recently taken over by

The new holding company would be made especially potent if Repsol, still majority-

soundings for some time on ways to mount an interna-They also have yet to gain proper access to the country's data. tional financial aid package for egy. However, the Sec- ist, has given no indication of of the reluctance of most economic plan, Page 5 Midland to dispose

of Swiss subsidiary

By David Lascelles, Banking Editor

MIDLAND Bank, one of Britain's big four banks, is to sell its 85 per cent stake in its Swiss subsidiary, Handelsfi-nanz, to Crédit Commercial de France. The deal will realise £50m (\$104m) for Midland at a time when its profits and balance sheet are under heavy

owned by the state, was able to Handelsfinanz, which is based in Geneva and has branches in Zurich and bring the big state-owned gas distributor Enegas into the arrangement. The state controls both Repsol and Enegas through the Instituto Nacional de Hidrocarburos, of which Mr Fanjul is also chairman. Ene-gas is the principal Spanish importer of natural gas and the Lugano, specialises in commer-cial and private banking. It also includes an 85 per cent holding in Handelsfinanz Mid-land Bank, based in Nassau in the Bahamas.

biggest supplier to industry. Gas Madrid, Catalana de Gas and another Repsol affiliate its reserves. Two months ago Sir Kit McMahon, the chair-Repsol Butano, service mainly man, warned that profits The acquisition of the Cata-

lana stake by British Gas appears to have startled the Spanish authorities, who had been hoping to redesign the national gas industry at their It is not clear whether the

UK company will be asked to put its stake up for sale, Repsol are quite capable of making life unpleasant for an unwelcome foreign shareholder.

Much the same reasoning forced La Caixa into the holding company.

WORLDWIDE WEATHER

Geneva. But the sale marks something of a retreat by Midland from its European strategy which is aimed at building a Midland, the UK's third largest clearing bank, needs to realise capital in order to boost strong local presence in the wholesale and investment banking markets. Indosuez set to buy Kitcat &

UK told to recover £44m

and Industry Secretary, will today defend the Government's conduct of the sale, insisting that it had received a "fair price." Last night, the opposi-tion Labour Party insisted that Mr Ridley's statement must bring to an end the "evasions and half-truths" which had surrounded the "sweeteners." Although BAe argued that the sweetners were vital to clinching the deal, the repay-ment of £44.4m would have only a limited impact on its

BAe said it would decide its response after considering the full text of the judgment and with due regard to its share-holders' interests. While it is expected the company will accept it has to repay the £44.4m, it is thought it might seek clarification on some of

the other terms. Downing Street indicated that Mr Ridley's statement, which has been co-ordinated with Cabinet colleagues in the past few weeks, would also focus on the fact that the sale had removed the need for large state subsidies for the com-

As well as yielding direct benefits for British taxpayers

the ending of state aid had also been in line with the European Commission's policy of dis-couraging subsidies.

Mr Ridley is also expected to

reject accusations from the Opposition and from some Tory that his department - then under the charge of Lord Young - had deliber-ately sought to conceal infor-mation from Parliament and the Commission. The Department of Trade

and Industry stressed that in its view the report completely cleared the Government of charges that it had significantly undervalued the Rover group by selling its for £150m. In spite of the Government's unapologetic tone, there was private acknowledgement among ministers that it was

deeply embarrassed by the rev-elations and had little alternative but to accept the Commission's decision.

Mr Gordon Brown, the
Labour Party's trade and industry spokesman, said the decision was a humiliating public rebuke for the Govern-ment. He will today call on the Government to provide full details of alleged tax concessions granted to BAe which the

commission will investigate.

Gorbachev's radical plans Continued from Page 1

well as following some policies

- like the anti-alcohol cam-paign - which were "ill thought-out, inconsequential, and in some cases simply

incorrect.
"The old economic mechanism of government no longer works, and the new one has not yet been created," it

But it goes on to call for par-tial - but not total - denationalisation, and the promotion of all forms of property ownership equally.

For the Soviet leader, the

whole strategy amounts to a huge gamble, for it is now almost certain that conservathe 4,700-strong congress. He will have to decide whether he can seriously com-

promise his whole reform strategy to keep the party together, whether he can browbeat conservatives into sacrificing their ideological principles for the sake of party unity or whether he is prepared to precipitate the split.

Reformers in the party's Democratic Platform have said that they will quit if there is not an overhaul of the party

THE LEX COLUMNS No hard landing for airlines

It would be risky to assume that because Renault and British Aerospace have escaped lightly, Sir Leon Brittan is going to nod through the over-due consolidation of the European airline industry. But yes-terday's objections to the proposed British Airways/KLM stake in Sabena do not appear insurmountable, provided all sides show willing. If the deal had been blocked out of hand,

it really would have sent a powerful signal about EC pol-icy towards future European airline mergers.

The EC has an obvious problem. The emergence of a hand-ful of mega-carriers dominating the big airport hubs in the US shows what happens when the airline business is deregu-

lated. On the other hand, preventing alliances between a weaker airline like Sabena and two stronger partners would result in the preservation of inefficient and expensive European airlines. One need only travel within the US to realise the scope for substantial improvement inside Europe. The trick is to produce US-

style benefits without eliminating competition altogether. For BA, the sums at stake are much larger than the £35m investment. In terms of international traffic, it is 40 per cent bigger than its nearest European competitor and twice as big as Pan Am. However, it is over-dependent on a congested hub in the UK and its huge European business is barely breaking even. It cannot afford to be too belligerent with the

Even before yesterday's profits warning, it was apparent that Burton was one of the casualties of the UK retailing industry's dash for growth. But though the shares have been falling against the sector for a year now, profits were only marginally down at the March interims. Now the market's hopes for the full year have been reduced to some £150m before tax, which implies a 70 per cent collapse in the second half.

Rather unnervingly, the warning refers purely to retailing, rather than to what the market suspects are Burton's chief problems, property devel-Etam's profits warning earlier this month had already made plain the problems in the teen-age clothing market. But Bur-ton also has some £300m invested in off-balance sheet retail property development. If, as seems not unlikely, the BICC Share price relative to the FT~A All-Share Index

value of these developments has fallen below cost, there could be hefty write-offs at the

1987 1988 1989 1990

After yesterday's 9 per cent fall, the shares at 149p are still on some 9 times expected earnings. The property assets, currently valued at perhaps 120p per share, offer an uncertain backing at best. More fundamentally, Burton is a classic case of a 1980s expansionist retailer with no obvious strategy for the 1990s except survival. Like others of its kind, it may find the worst is yet to

Rank/Mecca

The collapse of Mecca's opposition to the Rank takeover is not the end of the battle. Mecca's defence, already distinguished by a welter of board arrivals and departures before Mr Guthrie's unfortunate illness, was never going to be the main barrier. A reference to the Monopolies Commission is still possible; and Mecca's recommendation will influence neither the Office of Fair Trading nor Mr Ridley.

Bingo looks a more likely area of difficulty than holidays. But despite the recent upsurge in merger referrals, it is hard to see what would be gained by stopping this particular deal. Consumer choice is already limited by the Gaming Board which restricts the number of bingo clubs in any one area. In London, where clubs are more plentiful, Rank has indicated its willingness to sell Mecca's

In any case, a monopolist overcharge or offer smaller prizes would simply drive away its customers. And bur-dened with debt and lacking both Mr Guthrie and his for-mer deputy Mr Long, the busi-nesses of Mecca would be bound to suffer from an

extended period in MMC limbo.

Rothmans

The share price of Rothmans International in the past three years is striking evidence of the market warming to minority shareholding in a South Africa-linked purveyor of a Africa-linked purveyor of a dangerous addictive drug. But as the full year figures show, the stock's 158 per cent rise against the London market in the period also owes much to improved operating ratios. Tobacco margins are almost twice what they were five years ago; and with cash flow assisted by 23 per cent growth in earnings, half of the group's £1bn of shareholders funds

now consists of net cash.

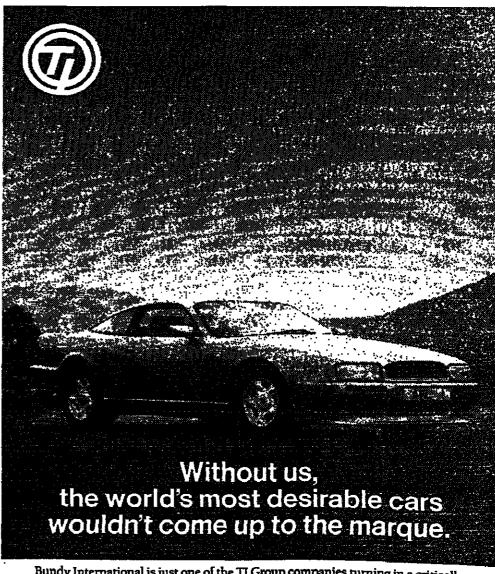
That cash is not all available to central management, being scattered worldwide among partly controlled subsidiaries and associates. One of Roth-mans' attractions to the mar-ket is the idea that Richemont, the majority holder, might one day seek to change this by taking complete control. That apart, a prospective multiple of 10 at 753p asks little for a company with Rothmans' recent growth record.

BICC

After half a decade of shedding workers and widening margins, BICC's cash generation seemed to have improved out of recognition. Hence the disappointment over yesterday's £177m rights issue of convertible bonds. Strategically, BICC's plans look sensible. Winning a dominant position at the lucrative end of Spanish cables by buying Spain's largest cable-maker in 1992 is the sort of Euro-initiative investors like, especially when the total exit p/e is less than 12.5. The disappointment is not the strategy, but the fact that BICC is raising the money two years

before it needs it.

Perhaps BICC is not as strong financially as the market thought. Granted, its £268m of net borrowings is an artifi-cially high mid-year figure. The more representative year-end total of £180m was only one-third of BICC's net worth, or even less if one counts its £170m-odd pension fund surplus. But given that 1990 looks a rough year for the Balfour and for Australia, a rights issue now seems a bearish signal about BICC's cash flow. Some institutions may get the hint, take up their rights for the sake of the 10.75 per cent running yield and sell the ordi-



Bundy International is just one of the TI Group companies turning in a critically

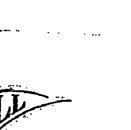
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FINANCIAL TIMES COMPANIES & MARKETS

Thursday June 28 1990



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INSIDE

Rothmans races ahead to £406m



Rothmans international, the tobacco and luxury goods group which salled home to a victory in the Round Ireland yacht race yesterday morning, also announced winning profits of £406m (\$706m) before tax. compared with £327m in 1988-89. The group's tobacco interests contributed 87 per cent of the profit. Andrew Hill

Poor results from UK builders The state of the UK housebuilding industry is test declining. Three British housebuilders yestest deciming. Three priusin nousebulluers yes terday announced losses or large profit falls. Mr James Farrer, chairman of Berkley Group — which fell from £22.1m profits b just 2204,000 — said the recession in the UK housing market was the worst for 50 years. Andrew Taylor looks at results of Berkley, Crest Nichology and Egirhers and Eg son and Fairbriar. Page 24

De Benedetti issues warning



Carlo de Benedetti, the Italian financier (left), does not intend to wait too long for a settlement dori, the Italian publishing group. He warned his rival, Silvio Berlus-coni, that the door to negotiation would not stay open indefinitely The two protagonists are

their arguments for the group's future direction at three decisive Mondadori shareholders' meetings on Friday. Page 17

Krupp optimistic despite losses Fried. Krupp, the West German diversified steel and engineering group, is optimistic despite an increase in net group losses from DM202m (\$126m) in 1988 to DM452m in 1989. The company said that, after a difficult year, it was decisively heading for higher profitability in 1990. Last year "was a turning point for the Krupp group; the burdens of the past have been digested," says Gerhard Cromme, chairman. Page 17

Japanese green with inspiration



The Japanese Government has some of the strictest standards in pollution control in the world. Japan's lack of resources has necessitated a strict environmental programme and provided a strong incentive to develop alternative sources of clean energy. The lead that Jan 1990 Jun many Japanese companies have in "green" technology has become a source of inspiration

for the Tokyo market. Back Page

Market Statistics

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Chief price changes yesterday

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Allianz wins **East German** state insurer

THE FINANCIAL TIMES LIMITED 1990

ALLIANZ, West Germany's largest insurance group, has won its battle against a rival group of insurers to take control of East Germany's state insurance con-cern. It will start business across the border from Sunday, when the currency union between the two Germanys comes into effect. Allianz denied that its pur-chase of a 51 per cent stake in the

East German concern merely replaced a state monopoly with a private one. It said the conditions had been created for competition in the industry. The rival group, led by the Colonia insurance company, had argued that Allanz's intentions were monop-

olistic.
Mr Wolfgang Schieren,
Allanz's chief executive, said it
would take around five years and
involve an investment of some
DM2bn (\$1.2bn) to develop its
Part Common artivities.

Bast German activities.
Allianz is paying DM27im for its 51 per cent stake in Deutsche Versicherungs-AG, the successor Versicherungs-AG, the successor to the former state monopoly. The remaining 49 per cent to be held by the state holding company. Allianz will also take over the employees; these are numbered at 12,000, though many have recently left.

Mr Schieren said that up to 40 per cent of East German life.

per cent of East German life insurance contracts had been cancelled by citizens wanting to transfer money to savings accounts where funds can be exchanged on the basis of DM1 for 1 East Mark from July 1.

Allianz's success in reaching agreement over Deutsche Versicherung defeats a strong attempt by the group beeded by Colonie

by the group headed by Colonia, which is controlled by France's With its four partners -Gothaer, Nordstern, R+V, and

Württembergische Feuer Colonia hoped to reach its own deal with the East German indus-try, which would then be divided

try, which would then be divided up regionally. Yesterday, Colonia had no immediate reaction. Allianz signed a letter of intent to take its stake in Deutsche Ver-sicherung in March. At the time, it proposed to take a 49 per cent stake, in line with East German law preventing foreign majority stakes. This restriction is now eing dropped. The initial move by Allianz

prompted strong reactions from West German cartel authorities and Mr Helmut Haussmann, the Bonn Economics Minister, as well as the West German insur-ance sector. Yesterday, Allianz said East German authorities did not regard its deal as hindering competition.

The joint venture will take

over all life, accident, and other insurance contracts from the start of July, with the East German state meeting liabilities

man state meeting liabilities before that date.

• Berliner Verlag, Rast Germany's largest newspaper and magazine publisher, has been bought by Mr Robert Maxwell, publisher of the UK's Mirror Group Newspapers, and Gruner & Jahr, the large West German publisher.

Berliner Verlag, which was formerly owned by the Communist Party, publishes a clutch of newspapers and magazines including Berliner Zeitung, a daily newspaper with a circulation of 414,000, FF dabet, with a weekly circulation of 1.43m and Neue Berliner Illustrierte, which has a weekly circulation of 522,000.

Gruner & Jahr will be the managing partner of the 50/50 joint



Banks will be asked for a big injection of cash to keep East German industry afloat

Costs of East German banking changes soar

By Katharine Campbell in East Berlin

DEUTSCHE Bank, West Germany's biggest bank, yester-day revealed it had already invested around DM250m (286m)

union on July 1.

From that date it will be allowed to operate as a full service, universal bank in Rast Germany. But in a presentation with its East German joint venture partner, Deutsche Kreditbank, it said that the costs of reconstruct-ing the East German banking system are escalating rapidly.

Apart from the money it has

west already invested, Deutsche Bank, with other banks, will be called on to finance immediately a large injection of liquidity to keep East

Its joint venture with Deutsche Kreditbank, the commercial banking arm of the former state monopoly, brings it well ahead of its competitors in terms of physical warmen arms the country. cal presence across the country. Deutsche Bank will take more than 122 branches and 8,500 employees through the joint ven-

Dresdner Bank, the number

two West German bank, has taken 72 branches in a similar joint venture with Kreditbank. However, the costs associated West German standards - and

building another 100 branches in the next two or three years will be high. While costs are comparatively easy to budget for, ini-tial income levels remain an unknown quantity, with the new venture starting virtually from scratch. Mr Georg Krupp, Deut-sche Bank managing board mem-ber with responsibility for East

been persuaded to take from Kre-ditbank are unschooled in west-ern banking practices. A big training programme will be needed to initiate them into basic products and techniques.

Mr Krupp, however, remained non-committal about how many staff would be kept on the pay-roll, saying only that "we want to train them well enough so that

Germany, explained he could not, therefore, predict when the bank would begin to make money.

To begin with, the 8,500 There will be heavy liquidity demands from East German

we can keep as many as possi-ble."

after currency union. This will mean that both Deutsche and Dresdner will have to top up their capital contributions to the ventures before the end of July, said Mr Edgar Most, chief executive of Kreditbank. Deutsche Bank-Kreditbank, in

which Deutsche has an initial 49 per cent stake, is capitalised at

Shareholders display strength at Continental meeting

By Andrew Fisher

CONTINENTAL, the West German tyre and rubber prod-ucts company, narrowly avoided the embarrassment at yester-day's six-hour annual meeting of having its voting rights curb rejected, but was unusually defeated on a motion seeking shareholder approval to raise its

shareholder approval to raise its capital.

This strong expression of shareholder power was almost unique for such a big German company, reflecting both the growing debate about voting rights and the influence of foreign investors.

The Hanover-based company, fourth in the highly competitive world tyre market, faced a determined attempt by a German shareholder rights group, backed by foreign institutional investors, to overturn Continental's

by foreign institutional investors, to overturn Continental's restriction of shareholders' voting rights to 5 per cent, regardless of their stake.

Continental, which said profits would probably fall this year, narrowly won the vote. The issue had been forced by the DSW, a shareholders' group, which voted shareholders' group, which voted the 20 per cent of Continental shares for which it had proxies in favour of removing the controversial limitation.

However, the company lost a motion which would have created DM200m (\$125m) of new authorised capital as a basis for future rights issues. Its 59 per cent majority fell far short of the 75 per cent vote needed on this

"They squeaked by," said Michael Treichl, a managing director of Mexrill Lynch, about the outcome of the vote on the 5 per cent limit. The US securities house holds almost 1 per cent of the German company's equity. He said voting limitations were inappropriate in a country with Europe's largest economy.

"Voting restrictions send the

wrong signals. It means the com-pany is saying it will not talk to anyone," he said. Thus, potential partners were discouraged. "I believe there are strong reasons why such a substantive alliance should be considered. There should be an open mind."

Continental, like other Ger-

the voting limit as a necessary protection against predators, an argument stressed yesterday by Mr Horst Urban, its chief execu tive. There have been stock mar-ket rumours about possible takeovers of the company, although it has not identified any significant stake-building. About a third of the shares are held

Indosuez at advanced stage in negotiations to buy Kitcat

By Daniel Green in London and George Graham in Paris BANQUE INDOSUEZ, the French the name and reputation for anal-

merchant bank, yesterday confirmed it was in advanced negotiations for the acquisition of Kitcat & Aitken, the 90-year-old UK stockbroker closed by its owner, Royal Bank of Canada, on May The French bank is already

present in the London stockbroking market through its subsidiary, W. I. Carr, although Carr is mainly active in Far Eastern

stocks.

Senior executives at Kitcat
were yesterday referring calls to
W. I. Carr. Carr's chief executive
officer, Mr Guy De Fromont, said
an announcement was due shortly, possibly today.

Rival bankers said that what remains of Kitcat — principally

yais in sectors such as leisure -could add something to Indo-

could add something to indo-suez's UK broking activities.
However, Kitcat's team of lei-sure analysts, recently confirmed by the Extel survey of invest-ment managers as being in the top three covering the sector, has found new employment at Smith New Court, another securities house

Kitcat's top-rated insurance analyst has this week moved to S. G. Warburg and most of the better-known analysts have either accepted or are considering offers from rival employers.

Mr De Fromont said he believed there was still a core of "very good people" at Kitcat whose expertise in agency brok-

ing overlapped with W.I. Carr's and whose experience in Europe complemented its Far Eastern emphasis.

The negotiations between Indosuez and Kitcat come two weeks after Deutsche Bank pulled out of its plan to buy Kitcat's name and agency broking operations. Indosuez, wholly-owned by the Suez financial services and indus-

suez mancial services and monstrial conglomerate, has been gradually building up its broking activities, adding Koojiman in the Netherlands to Carr and to Cheuvreux de Virieu, its French brokerage. It has also developed its Lon don presence with the £155m (\$270m) acquisition of Gartmore, the fund management company.

BICC boosts interests in Spain

By Nikki Tait in London

construction group, is almost doubling its interest in Grupo Español General Cable, the Spanish cablemaker, to 39 per cent, with plans to take this to about 75 per cent in 1992.

It combined news of the increased interest in GEGC. which commands more than onethird of the Spanish insulated cable market, with a £177m (\$308m) rights issue of convertible capital bonds. The issue has been underwritten by S. G. Warburg and Barclays de Zoete Wedd. BICC also said that it was undertaking a private placement of up to A\$60m-worth (\$47m) of cumulative irredeemable preference shares in BICC Holdings Australia among Australian

investors.
It also issued a statement saying that trading performance in 1990 should be "satisfactory," although it warned that high interest rates were having a "severe" effect on both housing

BICC, the UK cables and and property development. The construction group, is almost company forecast an interim dividend of 60 a share, 4.3 per cent

higher than last time.

The net result was to leave BICC's shares 16p lower at 442p.

GRGC was bought out by its management from Penn Central Corporation, the US financial holding company, for \$270m in early 1989 - one of the largest management buy-out deals in Continental Europe. BICC was the only industrial backer, taking a 20 per cent stake for 27m.

The remaining equity was split between Bankers Trust, which led the buy-out, a number of other banks, and the management. Under the deal, the banks agreed to sell their 29 per cent interest to BICC in 1992, on a 7.5 times multiple of average aftertax earnings for 1990 and 1991.

Bankers Trust, which holds a 19 per cent stake, has now agreed to accelerate this arrangement. For an undisclosed fee — which the US hank said topped \$1m — it

ately, although no payment will be made before 1992. It will also cede its boardroom seat.

BICC said yesterday that it hoped to achieve a similar arrangement with the three other banks - France's Paribas, Banco Bilbao Vizcaya and Banco Santander - which hold 10 per cent of the shares.

The UK company has also reached an agreement with GECC's management which gives the latter the right to sell up to 51 per cent of GEGC to BICC. The price would be based on a multiple of 12.5 times average after-tax earnings in 1990 and 1991.

Half the management stake can be sold to BICC before end-1992. However, both management and the UK group aim to seek a quotation for GEGC in 1992-8. The plan is for BICC to acquire half the management's stake and for the remaining 25 per cent to go to external investors. Lex, Page 14



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Mitsui to

injection

By Roderick Oram

in New York

give Unisys

\$200m cash

UNISYS. the US computer

maker rebuilding its business after losses in three of the past

five quarters, says it is to

receive a \$200m capital injec-

tion from Mitsui, the Japanese

trading company.

The money will help Unisys, which reported a net loss of

\$408.3m after special charges

on sales of \$10.01bn last year,

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SCA MEETING OF SHAREHOLDERS

Shareholders of Svenska Cellulosa Aktiebolaget SCA are hereby summoned to an extraordinary meeting of shareholders to be held at SCA's headquarters. Skepparpistsen 1, Sundsvall, on Thursday, July 12, 1990 at 4:30 p.m.

The reason for the meeting is the tender offer SCA through a wholly owned subsidiary has made to the shareholders of the British company Reedpack

AGENDA

1. Election of meeting chairman

3. Election of two minutes-checkers who, with the chairman, will verify the minutes taken at

2. Preparation and approval of list of voters

- 4. Determining whether the meeting was validly convened
- 5. The board's proposal to amend section 6 of the articles of association, in part to adapt the restriction on foreign ownership in section 6 of the articles of association to the provisions on this in the law (1982:617) on foreign acquisitions of Swedish corporations, etc., and in part to increase the upper limitation on the percentage of the share capital consisting of free stock from the present limit of less than 40 percent to less than 41 percent.
- 6. The board's submission for approval the board's decision of June 19, 1990 to issue mbordinated convertible debentures with a principal amount not to exceed GRP 30,000,000 and in accordance with the following main terms:

The right to acquire the debentures shall accrue to all holders of A- or C-Shares in Reedpeck Limited. SCA's present shareholders have no preferential right to subscribe for the debentures, since payment shall take place with non-cash prope Payment for the debentures shall be by the assignment of unsecured notes issued by Buvmine Public Limited Company, which unsecuted notes shateholders of Reedoack Limited may obtain in exchange for shares in Reedpack Limited

The debenness, which will have a non value of GBP 1 or multiples thereof, will be issued at nominal value. The debentures carry interest at the rate of 10 percent per annuars. Any of the debentures not previously repaid or converted will be repayable on august 15, 2000.

In the period from October 1, 1990 and mail July 31, 2000, upon with request of the holder, the debentures can be converted into new SCA Series B free

The initial conversion rate is at SEK 165.30, for which a fixed translation rate of GBP 1 = SEK 10.3925 shall be used.

The board's complete decision concerning the debenture offering as well as the other reports and statements, etc., prescribed by Chapter 4 Section 4 of the Companies Act will be available for inspection beginning on July 4, 1990 at SCA's headquarters and will be sent to reholders who so desire.

7. The board's proposal to elect an additional member to the SCA board.

> NOTICE OF INTENTION TO ATTEND, ETC.

Shareholders intending to participate at the meeting must be listed in the register of shateholders maintained by the Swedish Securities Register Centre (VPC) no later than on Monday, July2, 1990 and notify SCA no later than 4 p.m. on Monday, July 9, 1990 either by mail to SCA at S-851 88 Sundavail, or by phone at + 46 60-19 30 00 or 19 31 14.

The notice should contain the name of the shareholder, social security or organization number, and address and telephone number.

To participate at the meeting, sharholders whose shares are held in trust by banks or stockbrokers must re-register the stock in their own names at VPC by no later than Monday, July 2, 1990. Such re-registrations, which can be temporary, should be requested of the trustee well in advance of this date.

Persons intending to act as proxies on behalf of shareholders will be required to produce a written and dated power of attorney. Any such power of attorney can be valid for no longer than one year from the date of issuance.

> Sundavall, June 1990 The Board of Directors



RICHEMONT

Compagnie Financière Richemont AG, Zug, Switzerland

Consolidated results for the year ended March 31, 1990 The Board of Directors of Compagnie Financière Richemont AG is pleased to report the consolidated results of the group for the year ended March 31, 1990.

	1990	1989
Gross sales revenue	£5,905.3 m	£4,784.1 m
Net sales revenue	£2,861.5 m	£2,367.0 m
Profit before tax	£580.4 m	£467,5 m
Net profit attributable to unitholders	£146.3 m	£106,5 m
Earnings per unit	£254.70	£185.40
Dividend per unit	£41.25	£33.75
Unitholders' funds	£977.0 m	£828.5 m
Net assets per unit	£1,701.50	£1,442.80

The consolidated financial statements of Richemont include the results of its subsidiary undertakings for the full year. Majority control of Rothmans International p.l.c. was acquired in December 1989 and appropriate deductions have been made to reflect the effective date of the acquisition. The 1989 results have been restated on the same basis for ease of comparison.

During the year under review, Richemont achieved good results. The Board of Directors is pleased to announce that the dividend to be paid to unitholders in respect of the year will be £41.25 per unit.

Richemont exercises financial and operational control over subsidiaries in the fields of luxury goods and tobacco products. Its principal manufacturing operations are located in the European Economic Community and in Switzerland. Its products are sold in more than 150 countries throughout the world.

Copies of the annual report can be obtained from the company secretary at the addresses listed below:

Compagnie Financière Richemont AG Weinbergstrasse 5 6300 Zug, Switzerland Telephone: (042) 21 03 64 Telefax: (042) 21 71 02

RHONE-POULENC COMMERCIAL FINANCE B.V.

USD 50,000,000

16% Notes Due June 29, 1990

In accordance with the Terms and Conditions of the Notes,

notice is hereby given that, pursuant to paragraph

"Purchase and Redemption" (b) "Mandatory Redemption"

(1), the "Final Exchange Rate" as determined by the

Principal Paying Agent on June 27, 1990 was: 1.6636 .

Therefore, the Redemption Price to be applied to the

Notes and interest thereon will be 116%.

Payment of interest and reimbursement of principal will be

made on June 29, 1990 in accordance with conditions 8

"Payments" of the Terms and Conditions of the Notes.

THE PRINCIPAL PAYING AGENT SOCIETE GENERALE ALSACIENNE DE BANQUE

Luxembourg Branch

Richemont International Limited 17 Hill Street London W1X 7FB, England Telephone: (071) 499 2539 Telefax: (071) 491 0524

SGA SOCIETE GENERALE ACCEPTANCE N.V. USD 40,000,000

GOLD-LINKED 13 3/4% NOTES DUE JUNE 29, 1990

In accordance with the Terms and Conditions of the Notes, notice is hereby given that, pursuant to paragraph "Purchase and Redemption" (c) "Redemption Price", the London Spot Gold Price on June 27, 1990 at 3.00 pm (London Time), as determined by the Principal Paying Agent, was: 350,65 .

Therefore, the Redemption Price to be applied to the Notes will be 100%, the result obtained from the calculation given by the formula: (2 - (350,65/400)) x 100, being more than 100%.

Payme nt of interest and reimbursement of principal will be made on June 29, 1990 in accordance with conditions "Payments" of the Terms and Conditions of the Notes.

THE PRINCIPAL PAYING AGENT SOCIETE GENERALE ALSACIENNE DE BANQUE Luxembourg Branch

INTERNATIONAL COMPANIES AND FINANCE

AT&T shares tumble on Stora sees savings from warning of earnings fall Feldmühle By Martin Dickson in New York takeover

SHARES in American Telephone and Telegraph (AT&T) fell sharply yesterday when the company warned of a probable drop in its secondquarter earnings because of diarter earlings because of lower than expected product sales in some of its US busi-nesses. By midday the shares had fallen \$2% to \$38%.

cations group attributed the sales slowdown to "a combination of market conditions and the sluggish economy."

OUTOKUMPU, the state-owned

Finnish natural resources group, has agreed to buy the American Brass Company.

which claims to be the second

largest producer of copper and

copper alloy mill products in

American Brass was the sub-

ject of a management buy-out

five years ago.

Mr Joseph Goodell, American Brass president, refused to reveal either the price paid

then or the proposed price but said there was no question of

By Hilary Barnes in Copenhagen

DANISCO, the group formed by one of the biggest mergers in Danish corporate history,

made a satisfactory start to its existence with a pre-tax profit of DKr1.47bn (\$230m) on turn-over of DKr16bn in a 16-month fiscal period to April 30.

ment becoming millionaires.

make the third largest pulp and paper group in the world and the only European group in the top 10, he said. Benefits of the DM4bn (\$2.39bn) deal, still being examined by the German cartel authorities, would include securing raw material supplies, enabling more efficient and better planned production and savings through co-ordinating the spring through co-ordinating the spring through co-ordinating through the spring through Sale of American Brass agreed ting the capital expenditure programmes of the two. These benefits would not appear By Kenneth Gooding, Mining Correspondent

Mr Berggren said putting the two companies together would balance their supply and demand for pulp, as Stora was a substantial seller of market pulp and Feldmühle a large buyer. This would reduce the swings in profits from the

straight away, he warned, but said that in previous deals the group had generally underesti-

mated the gams that could be

By Maggle Urry

STORA, the Swedish forest

products group which is in the process of taking over Feld-mühle Nobel of West Ger-many, will make savings of at least SKr670m (\$110m) a year

by combining the two compa-nies, said Mr Bo Berggren, president and chief executive

officer, at a meeting of institu-

tional investors in London yes-

The combination would

Stora said yesterday, meanwhile, that no decision concerning the construction of a pulp plant in Chile was likely to be made until 1995 at the

This prospect arose from a \$60m investment in a joint venture to grow forests in Chile announced last October.
The venture agreement included an opportunity to build a pulp plant close to the forest when raw materials and market conditions were considered to have been fulfilled.

Laidlaw lifts earnings 34% to C\$73m

By Robert Gibbens in Montreal

LAIDLAW, the waste management and school bus group controlled by Canadian Pacific, reported third-quarter earnings of 30 cents a share, up from 25 cents a year earlier and better than most analysts and better that had predicted.

Net profit was (US362.4m) in the three months ended May 31, up 34 per cent from C\$54.7m a year earlier. Revenues climbed 32 per cent to C\$513m.

Nine-month net profit was C3194.8m or 81 cents a share, against 39 per cent from C3140m or 68 cents, on a 29 per cent gain in revenues to C31.4bm.

The company would not comment on the results but analysts said the strength in Laidlaw's waste management operation offset problems in the school bus sector. Waste operations account for 60 per cent of revenues and about 70

per cent of profit.

Laidlaw is North America's second largest waste management group.

• SHL Systemhouse, a systems integrator and com-puter retailer belonging to the troubled Kinburn high technology group, reported a 62 per cent drop in third-quarter net profit to C\$2.3m or 6 cents a share.

For the nine months ended May 31, SHL showed a loss of C\$28.5m or 78 cents a share, including special writedowns, against a profit of C312m or 45 cents a share a year earlier. Sales rose 8 per cent to C5527m partly due to the addition of ComputerGroup in

Times Mirror slips

TIMES MIRROR, the US newspaper publisher, expects second-quarter earnings to fall from \$85m in the first quarter to about \$46m.

AT&T earned \$699m or 65 cents a share in the second

"We will have to go on work-

ing for the company and we want to go on working for the company," he said.

If the deal is completed — it

is subject to US regulatory approval and a "due diligence" review — Outokumpu will increase its downstream copper business, which currently has a US; that turnover, by short one third and careoli-

about one third, and consoli-

date its position as the second-

largest producer of copper and

copper alloy semiproducts.
American Brass employs

1,600, has annual revenues of \$365m and is profitable. Its out-

Danisco posts DKr1.47bn pre-tax profit

mark's biggest manufacturing

Despite a "satisfactory" year.

Danisco will not pay a divi-dend, but will instead issue

quarter of last year. Analysts had been expecting an increase to between 68 and 75 cents a A company official said the

the quarter, April and May. Sales of equipment for small and large businesses, such as PABX exchanges, network switching, transmission and The biggest US telec cable equipment, had been dis-appointing. Sales of computers The company said that, while it still expected 1990 earnings to be higher than the and equipment for the Federal

\$2.7bn achieved in 1989, the softer second quarter would make it more difficult to meet However, overseas sales were doing well and long dis-tance call volume was growing. AT&T said expenses would be higher during the quarter its target of a 10 per cent to 12 per cent earnings growth for the year.

because demand for its new credit card, introduced in March, had been twice the level expected.

During the first 79 days of operation, the company opened lm accounts for 1.7m cards, compared with expectations profits warning was based on data for the first two months of that just 500,000 accounts would be opened. The new card, seen as a potentially pow-erful new entrant to the credit market, allows users both to pay for phone calls and buy oods and services. Mr Morris Tenenbaum.

Government had also been

put of 120,000 short tons (about 109,000 tonnes) will take Outok-umpu Copper's production to

Outokumpu Copper already has three companies in the US

and production plants in the Scandinavian countries, the

American Brass produces

copper and copper-based strip and tube materials, mainly for

the construction and electronic

industries in the US, in three

locations: Buffalo, New York:

Kenosha, Wisconsin; and Franklin, Kentucky.

makes comparisons difficult, but on a pro forma basis, sales

in the 16-month period increased to DKr16bn from

DKr11.99bn in the previous 12

months, pre-tax profits from DKr921m to DKr1.47bn and net

profits from DKr655m to

DKr1.25bn.
Equity capital increased over the 16-month period from DKr4.80bn to DKr4.58bn, the

relatively modest growth being explained by goodwill write-offs. About half group output is

exported, a share which is expected to grow.

450.000 tonnes a year.

through a difficult period. It is cutting \$500m of costs through staff and plant reductions AT&T vice chairman and chief financial officer, said the group's "overall financial position is solid and earnings are on target in our long-distance businesses, which continue to while it continues to suffer from weak demand for many of grow and remain very competi-tive."

its products.

Mitsui, a partner of Unisys and Sperry Univac, its predecessor company, in the Japanese market for over 30 years, will buy \$150m of preferred shares convertible into 4.6 per cent of Unisys' common stock. It will also make a \$50m, five-year loan to the US company.

The main link between the two companies is Nihon Unisys, Japan's fifth largest computer company. Unisys owns one-third and Mitsul one-third, with the balance publicly

traded in Japan.
In announcing the deal Unisys said it would be expanding
its joint ventures with Mitsui in other international markets The transaction will strengthen Unisys' balance sheet which has nearly \$4bn of

Mitsui's stake in Unisys common shares is capped at 4.6 per cent under the terms of the transaction. This is partly to quell concerns about a foreign company investing in a significant defence contractor such

as Unisys.

After seven years, Mitsui will wind up its holding by selling its Unisys shares into the market, a Unisys spokes-man said. If the current market price then is lower than price at which the preferred stock was converted into common, Mitsui will be compensated up to the value of its initial invest-

Unisys has the right to redeem the preferred issues after three years.
Mitsui is to buy \$50m of series B preferred shares and \$100m of Series C preferred shares convertible into common at \$20 and \$21 a share

bonus shares to a value of 2 per cent of share capital. The reason for the decision was an unclarified legislative situation concerning the double taxation of dividends, which the Gov-ernment has promised to abol-The group was formed with effect from January 1 1989, from Danske Sukkerfabrikker (Danish Sugar), Danske Sprifabrikker (Danish Distillers) and Danishe Sprifabrikker (Danish Distillers) Satisfactory results were achieved by all five divisions, Danisco to create a food, beverages, food ingredients and said the report. Extensive buy-ing and selling of companies packaging company. Measured by turnover, it is one of Den-

Venezuelan deal By Joseph Mann

AN AMERICAN steel company has signed a letter of intent with the Venezuelan Government's heavy industry and mining conglomerate, the CVG, covering the construction of a US\$165m plant for producing iron ore briquettes in Venezuela's Guayana indus-

Steel group in

trial zone. Oregon Steel Mills and the CVG plan to build a facility with capacity for producing 750,000 tonnes a year of bri-750,000 tonnes a year of briquettes for export, using Venezuelan iron ore. Under the terms of the letter, which calls for the signing of definite contracts within the next 22 months, Oregon Steel Mills will hold 80 per cent of equity in the joint venture and the CVG will have 20 per cent.

The CVG, owned by the Venezuelan Government, is increasing the country's capacity to produce and export iron

ity to produce and export iron ore briquettes. Kobe Steel oper-ates a renovated briquette plant under a CVG concession and Canadian investors plan to participate in another plant.

Issue of up to U.S. \$250,000,000 Elders Resources Financial Services Pty Limited Subordinated Guaranteed Floating Rate Notes due 1996

For the interest period June 28, 1990 to December 28, 1990 the Notes will carry an interest rate of 2,2875% per annum. The interest payable on the relevant interest payable on the payable 22, 1000 bit to payable on the relevant interest pay-ment date, December 28, 1990 will be U.S. \$4,721.15 per U.S. \$100,000 Normal America

0 luna 28, 1990

BANEXI

The Merchant Bank of Banque Nationale de Paris

is pleased to announce the formation of

BANEXI FRANCE DEVELOPPEMENT

an investment fund to invest in privately held French companies

> to be managed by **BANEXI-GESTION**

Principal Subscribers

British Investment Trust Eagle Star Investment Managers Ltd **ECI** Eurofund Friends Provident Life Office Guardian Royal Exchange plc Irish Life Assurance plc Lloyds Development Capital Stichting Pensionenfonds Rabobankorganisatie

Placement Agent

STEPHEN ROSE AND PARTNERS LIMITED London

May 1990

Inspectorate International Finance N.V. £69.300,000 5% Guaranteed Convertible Bonds Due 1998

(The "Bonds") guaranteed by ADIA SA

The Board of Directors of Adia SA, Chéserex (Switzerland), has decided to issue on 2nd July 1990, free warrants to the shareholders and holders of Participation Certificates of Adia SA. In accordance with Condition 7 of the Bonds, the right of in accordance with Condition 7 of the bound, the right of conversion of the Bonds may not be exercised (and accordingly Bonds may not be lodged for conversion) during the period commencing 2nd July, 1990 and ending on the 16th July, 1990. The right of conversion of the Bonds may be exercised from 17th July, 1990. Notice of the adjustment, if any, will be published as soon as practicable after the effective date of the adjustment.

Bankers Trust Company, London 28th June, 1990 Principal Paying

NEW FACE OF BRITISH BROADCASTING

The Financial Times proposes to publish this survey on: 11th September 1990

For a full editorial synopsis and advertisement details, please contact

Neville Woodcock on 071 873 3365 or write to him at : Number One Southwark Bridge

FINANCIAL TIMES

London SEI 9HL

MANAGEMENT

EDUCATION

DEVELOPMENT

The Financial

Times proposes to

publish this survey

on:

24th JULY 1990

For a full editorial

synopsis and

advertisement details,

please contact:

Michael Rowlands

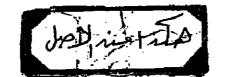
on 071-873 3349

or write to him at:

Number One

Southwark Bridge

London SEI 9HL



INTERNATIONAL COMPANIES AND FINANCE

The Cal State seeks solution to Framatome wrangle

Titali,

45.

By William Dawkins

THE French Government is considering a fresh solution to the politically charged three-month wrangle for control of Framatome, the partly stateowned nuclear plant builder.
The proposal, under which prance's CEA atomic energy commission would take a majority stake in Framatome, majorny state in Framatome, is expected to be forwarded shortly to Mr Pierre Suard, chairman of Compagnie Générale d'Electricité (CGE), the privately owned company at the heart of the row.

heart of the row.

CGE raised a political storm recently by boosting its stake in the plant builder to 52 per cent, upsetting the previous balance in favour of the state. The Government wants to regain control, because of the group's strategic importance in a country which gets 80 per cent of its electricity from nuclear power stations, the highest proportion in the

The Administration is under growing political pressure for a quick solution from the Social-ist Party, which is planning to propose a law nationalising Framatome. This would be contrary to President François Mitterrand's policy of allowing neither nationalisations nor

privatisations.
Under the plan, the latest of several possible solutions, CGE would be invited to sell 6 per cent of its shares to CEA Industrie, a division of the atomic energy commission, or to Cogema, the CEA's nuclear fuel subsidiary. CEA Industrie owns 35 per

cent of Framatome. Cogema would take over another 10 per cent, now held by Electricité de France, the public electric-ity utility, so giving the CEA direct and indirect control of 51 per cent of Framatome's

CGE says the Government has made contact, but it has not yet received firm offers. Mr Suard has always argued that CGE took a majority in Frama-tome for solid industrial reasons, because of the shared interests with CGE's power generation business, but he is ready to sell at a market price if there is no agreement. Fr

NEW ISSUE

Reshuffle at Wagons-Lits Krupp brings in new partnership

WAGONS-LITS, the Belgian travel and tourism group, last night set the seal on a far-reaching reshuffle of its shareholding and management structures which will bring Accor, the French hotel company, into a key position in its organisation.

The restructuring places Wagons-Lits under the control wagons-Lits under the control of a Franco-Belgian partner-ship composed of Société Générale de Belgique (La Générale), the Belgian holding company, Caisse des Dépôts et Consignations, the French state financial institution, and

Accor.
Sodezho, the French catering company which has taken an 18 per cent stake in Wagons-Lits and whose chairman, Mr Pierre Bellon, has been joint chief executive with Mr Francois Boyaux since last year, appears to be pushed into second place.

Bruxelles Lambert, the Belgian financial group, will sell

gian financial group, will sell its 26.75 per cent stake in Wag-

ons Lits to La Générale which will, in turn, transfer this stake to a company held jointly with Accor. La Générale is already the leading share-holder in Accor with 12 per

cent. La Générale, which will take 19.5 per cent straight away with an option on the remaining 7.25 per cent exercisable up to July 1 1990 said it had paid "significantly over the market rate" for the stake, which would value it at more than \$550m. The 26.75 per cent held by La

The 26.75 per cent held by La Générale and Accor, with Caisse des Dépôts' 28 per cent, will form a majority, although Sodexho's 18.6 per cent could, with 6.75 per cent still held by Rolaco, a Saudi Arabian group, form a blocking minority under Belgian company law.

Vicomte Etienne Davignon, chairman of La: Générales was: chairman of La Générale, was last night expected to take over as chairman of Wagons-Lits' permanent committee, while Mr Jean-Marc Simon, head of

C3D, an investment subsidiary of Caisse des Dépôts, was set to replace Comte Jean-Pierre de Launoit, a representative of Bruxelles Lambert, as chairman of the board.
Mr Robert Zoladz, director of

strategy and development at Accor, is expected to become joint chief executive of Wagons-Lits, but Mr Bellon is expected to drop the post within a year.

Bruxelles Lambert, which had backed Sodexho's entry

into the group and had also wanted to sell Wagons-Lits' Trusthouse Forte of the IIK appears to have fallen out with the other major shareholders, including Mr Robert Lion, chief executive of Caisse des Dépôts, who has been eager to develop a substantial European tourism group by fostering links between its various investments in the sector. Earlier attempts to marry Wagons-Lits with companies such

E German investment by Siemens

By Andrew Fisher

SIEMENS, the West German electrical and electronics concern, is planning to invest more than DM1bn (\$595m) in East Germany in the next few

years and is currently working on some 30 projects. It said it expected to employ between 25,000 and 30,000 peo-ple in East Germany, with turnover building up to over

In its financial year to Sep-tember 30 1989 the group's worldwide turnover totalled DM61bn. Its year-end employ-

ment figure was 365,000 people, of which 227,000 were in West Germany. Capital spending last year amounted to DM7.9bn.

Stemens' main activities in East Germany will be in the fields of communications and data processing, energy and transport technology, factory automation, medical technol-

ogy and environmental protec-tion.

The company said it had concluded a number of joint ventures with East German

kombinate (industrial groups), with others planned in the lighting and household appli-

Like AEG, its much smaller rival which is part of Daimler-Benz, Siemens looks likely to play an important role in rebuilding East Germany's shaky infrastructure, especially in the areas of communications - the country's tele-phone system is extremely underdeveloped - transport, energy and plant modernisa-

Mecca recommends Rank's £544m bid

biggest leisure group, yester-day surprised the City by rec-ommending the hostile £544m (\$941m) takeover bid which Rank Organisation lamched at

the beginning of the month, writes Andrew Bolger. Mecca also revealed that Mr Michael Guthrie, its chairman and chief executive, unexpectedly underwent heart surgery

MECCA LEISURE, Britain's last Thursday. It said Mr Guthrie was making a satisfactory recovery.

Mecca said its main reason for recommending the Rank offer was that in the present unfavourable market condi-tions it was unable to achieve acceptable prices for the asset disposals which were required to reduce the group's unacceptably high level of debt.

Rank's one-for-nine, all-paper offer values each Mecca ordinary share at 95.7p. Mecca's shares closed at 88½p, up 4½p on the day, and Rank shares closed down 3p at 861p. If successful the absence would be at 861p. If successful the absence we would be at 861p. If successful the absence we would be at 861p. If successful the absence we would be at 861p. If successful the absence we would be at 861p. If successful the absence we would be at 861p. If successful the absence we would be at 861p. If successful the absence we will cessful, the takeover would create Britain's largest leisure company, with annual sales of more than £1.6bn.

Lex, Page 14; Analysis, Page 27

increases losses to **DM452m**

PRIED. Krupp, the West German diversified steel and engineering group, said group net losses widened to DM452m (\$270m) in 1989 from a loss of DM202m a year earlier, AP-DJ

However, it predicted a return to profitability in The wider shortfall reflected

losses on the sale of some divisions and a large one-time loss of DM705m resulting from book-keeping moves aimed at strengthening the company's balance sheet.

Similar moves were also behind the 12 per cent drop in 1989 net profits reported ear-lier at Krupp's steel division, Krupp Stabl.

Fried. Krupp said group

operating profit rose to DM410m in 1989 from DM217m a year earlier and sales, as reported, advanced to DM17.7bn from DM14.7bn in

The company said that, after

details. He predicted that divisions

accounting for 91 per cent of the company's sales would have a "clearly positive" oper-ating result in 1990, up from

ating result in 1990, up from 173 per cent in 1988.

Mr Cromme said the troubled plant-building division had also "emerged from the valley of tears." After losses totalling about DM ibn in recent years, Mr Cromme said the division had been restructured to cope with future challenges.

of Varta, the West German battery maker, said its world-wide group sales in the first five months of 1990 rose 8 per cent to DM794m over the same period last year. Mr Guenter Mordhorst,

chairman, said the Bad Hom-burg-based company's finan-cial performance in the open-ing months of 1990 was "not bad."

De Benedetti warns Berlusconi of limit to Mondadori talks

By Haig Simonian in Turin

MR Carlo De Benedetti has warned his rival, Mr Silvio Ber-lusconi, that the door to a negotiated settlement of the crisis at Mondadori, the Italian publishing group, will not stay open indefinitely.

In his first comments to the press after last week's arbitra-tors' decision backing his claim to a crucial 25.7 per cent stake in Amef, the holding company which owns a bare majority of Mondadori's ordi-nary shares, Mr De Benedetti's position has hardened appre-

position has nardened appre-ciably.

Speaking at the annual meet-ing of CIR, his holding com-pany, Mr De Benedetti said he remained ready to hold direct talks with Mr Berlusconi. How-ever, any settlement would have to "bear in mind reality," and notably "who has the majority and who has the minority." minority."
The comments come in the

run-up to three decisive Mon-dadori shareholders' meetings

detti and Berlusconi factions and appoint a new board.
With "ordinary" "extraordinary" meetings due to span the day from 10.00am to 7.00pm, it is probable that Mr De Benedetti will succeed

in his aim of unseating Mr Ber-

lusconi as chairman. However, the new board will still not entirely reflect Mr De Benedetti's position of strength following the arbitrators' ruling, as his contract to buy the crucial Amel stake only becomes operational on Janu-

In the meantime, officials appointed by the court, which sequestrated the Amel shares pending a resolution to the quarrel over their ownership, are likely to play the same central role on the new Mondadori board as they have on Amet's new board of directors

of the voting rights in Sofigen.

The constellation of minority shareholders who joined Mr De

Benedetti in founding Sofigen have sold their interests to

Cerus. These included Swiss

Bank Corporation; Zurich Insurance; Lombard, Odier &

Cie, the Geneva private bank; and Hanover AG, a company owned by Mr Stephan Schmid-

heiny, the Swiss financier and

dent merchant bank.

appointed in May.
The Amel board, on which the court has the casting vote, has already decided to support neither of the proposed rights issues, and Mr De Benedetti said he would be willing to

The company said that, after a difficult year, it was heading for higher profitability. "The business year 1989 was a turning point for the Krupp group; the burdens of the past have been digested," said Mr Gerhard Cromme, chairman. In the first six months of 1990, operating profit was more than a third higher than in the year-earlier period, Mr Cromme said. He did not give details. Tun-up to three decisive Mondadori shareholders' meetings on Friday to approve the group's 1989 accounts, vote on the two separate rights issues put forward by the De Bene-said he would be willing accept a postponement. Sofigen holds payout after profit adjusted after profit adjusted

By William Dullforce in Geneva

SOCIETE Financière de Genève, the Swiss holding company of the group con-trolled by Mr Carlo De Benedetti, will pay shareholders an unchanged dividend of SFr10 per bearer share and SFr1 per registered share on its 1989 account. Some 240,000 bearer shares are publicly traded. Sofigen reported at the end of April a 28 per cent rise to SFr18.5m (\$13.1m) in 1989 net

industrialist. consolidated earnings but announced that the profit Cerus is ceding 74 per cent of Banque Duménil Leblé to Sofi-gen, which will be primarily a would be reduced to SFr4.3m after certain investments had passive bank holding company. been adjusted to their current Sofigen owns 9.6 per cent of market value. This week the annual gen-Compagnie de Banque et d'Investissement; 6.8 per cent of Brown Shipley, a UK merchant bank; and 25 per cent in M&A Bank, Austria's first independent.

eral meeting approved a re-organisation under which Cerus, the French holding com-pany of the De Benedetti group, is acquiring 75 per cent

FINANCIAL TIMES

INTERNATIONAL CAPITAL MARKETS

The Financial Times propose to publish this survey on:

2nd July 1990 For a full editorial synopsis and advertisement details, please contact

David Reed on 071 873 3461

or write to him at : Number One Southwark Bridge

FINANCIAL TIMES

All of these securities having been sold, this announcement appears as a matter of record only.

Toak arioutuis

June 14, 1990

\$1,850,000,000



E. I. du Pont de Nemours and Company

Zero Coupon Convertible Subordinated Notes Due 2010

Fach Note will be convertible at the option of the Holder at any time on or prior to maturity, unless previously redeemed or otherwise purchased, into common stock, par value \$0.00 per share, of the Company (the "Common Stock") at the Conversion Rate of 4.013 shares per Note. The Conversion Rate will not be adjusted for accrued Original Issue Discount but will be subject to adjustment upon the occurrence of certain events affecting the Common Stock of the Company. Upon conversion, the Holder will not receive any cash payment representing accrued Original Issue Discount; such accrued Original Issue Discount will be deemed paid by the Common Stock received on conversion. The foregoing is subject to the Company's right to pay cash equal to the value of the shares of Common Stock into which Notes are convertible in lieu of Jelivering such shares of Common Stock.

Notes will be purchased by the Company at the option of the Holder on June 14, 1995, June 14, 2000 and June 14, 2005 at Purchase Prices equal to the Issue Price plus accrued Original Issue Discount to the Purchase Date.

2005 at Purchase Prices equal to the Issue Price plus accrued Original Issue Discount to the Purchase Date.

The Company, at its option, may elect to pay such Purchase Price in cash, shares of Common Stock or Subordinated Repayment Notes of the Company, or in certain combinations thereof.

The First Boston Corporation

Bateman Eichler, Hill Richards Blunt Ellis & Loewi A.G. Edwards & Sons, Inc. Edward D. Jones & Co.

Legg Mason Wood Walker

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NEW ISSUE



TOKYO TATEMONO CO., LTD.

¥ 20,000,000,000

7 per cent. Bonds due 1997

ISSUE PRICE 100% PER CENT.

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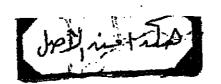
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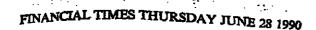


European Investment Bank

13% Bonds Due 1996

NOTICE IS HEREBY GIVEN, pursuant to the Fiscal Agency Agreement dated as of August 31, 1984 under which the above described Bonds were issued, that European Investment Bank has called for redemption on August 31, 1990 \$25,000,000 principal amount of said Bonds at the redemption price of 100% of the principal amount thereof, together with accrued interest to August 31, 1990. The serial numbers of the Bonds selected for redemption are as follows:





(Continued on next page)

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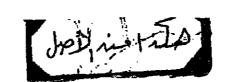
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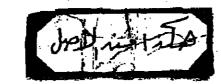
The following Bonds each hearing the following serial numbers previously called for redemption have not as yet been presented for payment:

79168 79238 79241 On August 31, 1990 there will become due and payable upon each Bond selected for redemption price, together with interest accrued to August 31, 1990 there will become due and payable upon each Bond selected for redemption price, together with interest accrued to August 31, 1990 there will be compared to the redemption price of the Bonds to be redeemed will be made in such coin On August 31, 1990 there will recome due and payante upon each bond selected for remembrand the same common price, together with nuclear actives to congress of America as at the time of payment is legal tender therein for the payment of public and private debts thereon, upon presentation and surrender of said Bonds, with all coupons appertaining thereto maturing after August 31, 1990, at the in liber's option and subject to applicable laws and regulations at the main offices of Caisse d'Espargne de l'Etat and Citicorp Bank (Luxembourg, Citibank, N.A. in London and Deutsche Bank AG in Frankfurt am Main, On and after the date fixed for redemption interest on said Bonds will cease to accrue. Coupons due August 31, 1990 should be detached from the Bonds and presented for payment in the usual manner.

> For EUROPEAN INVESTMENT BANK CITIBANK, N.A. as Fiscal Agent.

June 28, 1990





INTERNATIONAL COMPANIES AND FINANCE

Singapore alters KL share status

By Joyce Quek in Singapore and Gordon Cramb

THE SINGAPORE Government is to end an exemption for Malaysian investors, classing them for the first time as foreign shareholders, as part of an overhaul of ownership limits for local companies. This emerged yesterday after

a day of upheaval in the island's banking sector. The island's nanking sector. The Monetary Authority of Singapore, the island's de facto central bank, said on Tuesday that the level of foreign share ownership of local banks could be doubled to 40 per cent.

Although the timetable for this remained unspecified, yes-terday it was made clear that this would take into account Malaysian shareholders, rede-fining foreign shareholders as non-Singaporean citizens or The move - which is in line with practice in Malaysia -

follows the decoupling of the

Singapore and Kuala Lumpur stock markets last year. It particularly affects shares in listed companies which have a separate market quotation for foreign-owned holdings.

These holdings in the Big Four local banks had traded at a substantial premium, reflecting the scarcity of available stock within the 20 per cent limit.

This was severely eroded the first time. Reflecting the absence of a previous restriction on foreign ownership, DBS has 44.1 per cent of its shares in foreign hands.

The bank will be given time to meet the new requirement, but from yesterday it stopped registering any transfer of shares which would increase the foreign holdings.

Of the other three, OCBC said vesterday it had a 34 per

This was severely eroded overnight as the belief that a much bigger pool was now available pulled the foreignheld share price down.

However Malaysian inves-

Heid share price down.

However, Malaysian investors are substantial owners of shares in the four banks, and yesterday's ruling means that overall foreign ownership levels are not as for from the new els are not as far from the new ceiling as was thought on

Tuesday night.
The rules will cover the state-controlled DBS Bank for

but from yesterday it stopped registering any transfer of shares which would increase the foreign holdings.

Of the other three, OCBC said yesterday it had a 34 per cent foreign ownership and OUB said it was at 24 per cent. UOB gave its level as 26.7 per cent but with the prevalence of backlogs in the existing queueing system under which foreign buyers transfer locally purchased shares, the ultimate percentage may be higher.

One stockbroker said he believed that the new rules

believed that the new rules would come into effect after the banks convene extraordinary meetings to ratify the

changes, a process which would take about three to four

Another was optimistic that, although the MAS decision had not been anticipated by foreign clients and had led to confusion, in the long term the move would give foreigners more opportunities to invest in a strong sector.

It was pointed out that Mr Lee Kuan Yew, the Prime Min-ister, had cautioned on his recent European tour that Singapore banks and insurance companies would not be able to

companies would not be able to enjoy government support against foreign competition for much longer.

• Kim Eng Holdings, a Singapore quotes the cockbroking group, yesterday reported net profits of \$\$13.5m (US\$7.3m) on turnover of \$\$47.3m in the year to March during which it to March, during which it undertook a share flotation.

4.7% Coles Myer stake By Bruce Jacques in Sydney

ANZ Banking Group, one of Australia's big three private sector banks, has revealed itself as the buyer of a 4.7 per cent stake in Coles Myer, the

cent stake in Coles Myer, the largest retailing group.

ANZ yesterday confirmed market speculation that it had paid A\$225m (US\$176m), or A\$9 a share, for the Coles Myer parcel sold in an off-market transaction on Monday by Premier Investments. Premier is the main flagship company of Monday of Mo main flagship company of Mr Solomon Lew, the Melbourne investor who has hit liquidity

Mr Lew is also the Coles Myer deputy chairman, and retains a stake of about 12 per cent in the company, maintaining him as the second largest shareholder after the US-based ANZ said it had bought the shares as a "long term strate-gic investment" but did not explain why it had paid a A\$1.20 a share premium over

the market price of A\$7.80. Coles Myer shares fell a fur-

Coles Myer shares fell a fur-ther 4 cents yesterday to A\$7.72 in Sydney.

However, ANZ is believed to be the Premier group's biggest creditor with exposure of about A\$300m, and the transaction was seen by Australian ana-lysts as a debt-for-equity swap.

ANZ, which refused to com-ment further on the deal, was seen to be more comfortable seen to be more comfortable with an expensive share posi-tion in Coles Myer than with a

debt exposure to Premier. The transaction also brought an intervention by the Austra-lian Stock Exchange which yesterday asked Premier direc-tors if there were any condi-tions attached to the sale.

The directors said there were not and that the reason for the premium over market price was the quantity of shares involved and the purchaser's long-term confidence in Coles Myer.

ANZ emerges as buyer of | Sasol aims to lift earnings with R1.2bn investment

By Philip Gawith in Johannesburg

coal and gas, has announced six new projects which will involve capital expenditure of R1.2hn (\$450m) and which are expected to boost its earnings by 18 per cent, or R300m, by

The announcements are in line with Sasol's stated intention of diversifying into higher value-added chemicals without neglecting their synthetic fuel operations. The new projects use the chemical feedstocks derived during the synfuel process, such as ethylene, propyl-

The programme, which should be completed by 1993, will consist of a production line for candle and specialised waxes, a new ammonia plant, a production facility for paraffin products, an n-butanol plant, an anode coke plant and an expansion of

ene and ammonia.

SASOL, the South African synthetic fuel group specialising in the conversion of oil to replacing imported industrial The projects will be aimed at replacing imported industrial chemicals, but some of the facilities will also be directed to the export market. Mr Paul Kruger, managing director of Sasol, estimates that more than R400m foreign exchange will be saved in this way. Of the investment, R750m will be at Sasol 1 in Sasolburg, with the balance at Secunda

where the Sasol 2 and 3 plants The three projects at Sasol 1 are a wax expansion project, which will double production capacity to 123,000 tonnes; a facility to produce parafinic products for detergent and solvent purposes; and a 240,000 tonne a year ammonia plant for use in fertiliser and explo-

sives markets. The main project at Secunda will be a R320m anode coke plant which will produce anode and needle coke, both currently imported.

Malaysia plans to privatise 20 airports

MALAYSIA plans to privatise 20 of its airports valued at M\$600m (US\$221m) by early next year, Reuter reports from Kuala Lumpur.
A transport ministry official

said a new company, Malay-sian Airports Corp, had been formed to take the airports over from the Department of Civil Aviation. British Airport Services, a unit of the UK's BAA, as well as Malaysia's Amanah Merchant Bank and two other local companies were studying ways to privat-

ise the airports.

Six of the 20 are international airports, while eight are located in the states of Sabah and Sarawak on Borneo island. The Government will transfer all the assets to the new company but operations such as air traffic services and flight control would remain in gov-ernment hands. "Only non-regulatory functions such as air-port management and other related services will be priva-tised," the official said.

Sasea posts comparable earnings of SFr25m

investment banking group headed by Mr Fiorio Fiorini, yesterday posted 1989 consolidated net earnings of SFr25m (\$17.7m), which it said was comparable with net earnings

of SFr24m in the previous year. In the 1988 annual report the group recorded a net profit of SFr20.4m but has since modi-fied its method of amortising the goodwill on its acquisi-tions. Cash flow climbed from SFr63m in 1988 to SFr95m.

Following the increase in share capital, from SFr201m to SFr402m, earnings per share have declined from SFr12 to SFr8 but Sasea said the holding company's profit potential was being maintained.

operates to a June year-end, was expected to report increased earnings and would pay a dividend equal to or more than that paid in 1988, Sasea said. Property assets valued at

By William Dullforce in New York

SASEA, the Geneva-based more than SFr200m had been sold since the beginning of 1990. Melia International, Amsterdam, of which Sasea owns 42 per cent, had signed a contract for the sale of its majority holding in Renta Inmobiliaria, of Madrid. Chamotte Unie, Amsterdam,

in which Sasea has a 60 per cent controlling stake, was in an advanced stage of negotia-ting the sale of some of its

The holding company, which

insurance holdings. Sasea specialises in acquisi-tions, corporate reorganisations and the resale of investments. Last year its consolidated balance sheet more than doubled, from SFr1.5bn to SFr3.6bn, largely

as the result of the incorpora-tion of Scotti Finanzaria, a Milan-based property group, which posted assets equivalent to SFr1.3bn at the end of 1989. Currently Sasea has a 35 per cent interest in Tamoil (Suise), the Libyan-controlled con-

CS First Boston to establish NZ foothold

CS First Boston, the US investment bank, is establishing a presence in New Zealand by buying the local stockbroking, fixed interest, futures, research and corporate advisory business of Jarden Morgan NZ, AP-DJ reports from Wellington.

Mr Peter Thomas, chief executive of CS First Boston Aus-

utive of CS First Boston Australia, said that the price "will

approval by New Zealand regu-lators, as well as both the New Zealand Stock Exchange and futures exchange. The sale must also be approved by shareholders in Jarden Mor-gan, a New Zealand-listed company that owns Jarden Morgan NZ. CS First Boston Australia

of the broking business." The transaction is subject to

will also acquire the corporate advisory business of Jarden anyisory business of Jarden Morgan Australia. Jarden Morgan previously sold the precious metals business of its Deak International unit.

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY

EUROFIMA

Pesetas 10,000,000,000

13.75% Note

Due June 1995

Banesto

J.P. Morgan S.V.y.B

Banco Exterior de España, S.A.

Banco Bilbao Vizcaya, S.A.

Algemene Hank Nederland N.V., Sucursal en España Banco Comerciai Transatlántico, S.A., (Grupo Destsche Bank) Banco Hispano Americano, S.A.

Banque Bruxelles Lambert, Sucursal en España

Crédit Commercial de France, Socursal en España Midland Bank Plc., Sucursal en España S.B.S., Sociedad de Valores, S.A.

Bankers Trust, Sociedad de Valores, S.A.

Dresdner Bank A.G., Sucursal en España Nikko España, Sociedad de Valores, S.A. Tokyo, Sociedad de Valores (España), S.A.



J.P. Morgan

June 1990

BANCO DI ROMA

Interest accress for me woon po-and payable on 28th December 19 will amount to US\$ 2,152.16 per US\$ 50,000 Certificate and US\$ 21,521.56 per US\$ 500,000



Bank of Greece

Floating Rate Notes Due 1996 8.7375% per ennur 20m Jerie 1990 27m Cocordor 1980

CIVAS 14 LIMITED et Rete 8.7375%, p.a. Interest d June 28, 1990 to December 28, Interest Payable per US\$50,000 Aune 28, 1990, London By Chibank, N.A., (CSSI Dept.), Agent Ba

March 1990

This announcement appears as a matter of record only.



USD 350.000.000

Bridging Facility to finance the purchase

Stena Line (UK) Ltd.

of all shares in

Sealink British Ferries Ltd.

NB NORDBANKEN

Arranged by

Svenska Handelsbanken

Provided by

English Trust

Svenska Handelsbanken

London Branch

Agent

Svenska Handelsbanken

With effect from 1st July, 1990

Potter Partners Group Limited

will change its name to

POTTER WARBURG LIMITED

325 Collins Street Melbourne Victoria 3000 Australia

15 Bent Street Sydney **NSW 2000** Australia

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Auckland 🗆 Wellington INTERNATIONAL

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- Fortune Magazine 1989 "Service 500" Of the 50 largest U.S. diversified financial companies, AIG ranks:
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 - #1 in shareholders' equity \$8.4 billion
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- · Growing financial services businesses.
- Presence in 18 European countries; continental headquarters in Paris. Member companies include: UNAT, Alico and Eurinvest.
- First established in Europe over 40 years ago.

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Five Arrows Limited Johannesburg Consolidated Investment

Company Limited

Minorco SA **Randfontein Estates Gold Mining Company**

Witwatersrand Limited

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Rand Mines Limited Please note that from 2nd July 1990 the London Bearer Reception office for the companies listed above will be:

> BARCLAYS BANK PLC STOCK EXCHANGE SERVICES DEPARTMENT 54 LOMBARD STREET LONDON EC3P 3AH

Coupons for dividend payments in respect of these companies should be presented at the London Bearer Reception office together with listing forms which are available at that office. Callets are requested to use the entrance at 19 Gracechurch Street.

> £50,000,000 ALL NIPPON AIRWAYS CO., LTD. **GUARANTEED FLOATING RATE NOTES DUE 1991**



principal and interest by The Long-Term Credit Bank of Japan, Limite

Notice is hereby given that the Rate of Interest has been fixed at 15.0625%, a.a. and that the interest payable on the relevant Interest Payment Date, september 27, 1990 against Coupon No. 23 in respect of £5,000 nominal

June 28, 1990, London By: Citibank, N.A. (CSSI Dept), Agent Bank

CITIBANCO



Santa Barbara Savings and Loan Association

U.S. \$400,000,000 **Collateralized Floating Rate Notes** Due September 1996

Notice is hereby given that the Rate of Interest has been fixed at 8.4375% p.a. and that the interest payable on the relevant Interest Payment Date, September 28, 1990, against Coupon No. 16 in respect of U.S.\$100,000 nominal of the Notes will be U.S.\$2,156.25.

une 28, 1990, London By: Citibank, N.A., (CSSI Dept.), Agent Bank CITIBANC

COMPANY NOTICES

THE ROYAL BANK OF CANADA U.S. \$350,000,000 Floating Rate

Conditions of the Debentures, the Interest rate for the period 29th June, Interest rate for the period 28th June, 1990 to 31st July, 1990 has been fixed at 8%% per annum. On 31st July, 1990 interest of U.S. \$7.5 per U.S. \$1,000 nominal amount of the Debentures will be due for payment. The rate of interest for the period commencing 31st July, 1990 will be determined on 27th July, 1990.

Agent Bank and Principal Paying Agent

PAN BOLDING SA LUXE on he of 25% will be deducted, unless the consist extemporated by an injuris Review

ROYAL BANK OF CANADA EUROPE LIMITED

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NORTH WEST ENGLAND FINANCIAL & **PROFESSIONAL SERVICES**

The Financial Times proposes to publish this survey on:

16th July 1990

For a full editorial synopsis and advertisement details, please contact:

> Brian Heron 061-844 9381 Telex: 666831: Fax:061-832 9248

Financial Times Alexandra Buildings Queen Street Manchester M2 Birminghan B15 1PG

FINANCIAL TIMES

INTERNATIONAL CAPITAL MARKETS

German bonds in retreat after Bundesbank repo

By Deborah Hargreaves in London and Karen Zagor in New York

THE West German bond market suffered from a bout of profit-taking yesterday after the Bundesbank's regular weekly tender of repurchase slightly tighter than expected monetary policy.

The fact that the tender was

DM1.2bn below market expec-tations was taken as a sign that the Bundesbank wants to take a tight stance ahead of next Monday's monetary union between the two Germanys.

The Bundesbank's action

pushed Bund futures down by almost a full point and the market was still in decline in market was state in desinie in after-hours trading late yester-day. After opening at 83.58 – up on Tuesday's close – Bund futures had fallen to 82.70 late yesterday. Yields were at 8.74

per cent.
The D-Mark also remains weak within the European Monetary System. Although the D-Mark remains strong against the dollar and the yen,

GOVERNMENT BONDS

it appears weak in Europe against the lira and peseta.
As the market closed, the German Government said that East Germany would keep part of its subsidy package, worth DM12.3bn, after monetary union. Bund traders remain concerned about the inflation-

■ RUMOUR and gossip beset the London gilts market yester-day. Prices were pushed down

94-10 -08/92 12.45 12.45 12.75 93-21 -14/32 11.68 11.71 12.20 85-25 -27/32 10.78 10.71 11.21 102-09 + 03/32 8.53 8.49 102-19 + 02/32 8.51 8.46 8.875 05/00 8.750 05/20 87.0003 -0.212 7.18 7.11 91.9652 -0.072 6.72 6.70 No 119 4.800 No 2 5.700 02/00 93.6800 -0.120 8.73 8.83 8.76 7,750 96.3092 -0.103 10.00 10.11 92.7000 -0.490 9.67 9.74 FRANCE BYAN 9.000 OAT 8,500 9.750 05/00 94.3000 0.500 10.70 10.88 11.30 NETHERLANDS 9.000 05/00 100.5800 -0.290 8.90 8.95 8.96 12.000 7/99 92.1642 +0.194 13.53 13.56 13.49 AUSTRALIA

BENCHMARK GOVERNMENT BONDS

Technical DatalATLAS Price Sources

by about % of a point on rumours of a large overseas selling order.

In a thin market, the sell-off in Bunds also affected trading in gilts and a large Eurosterling issue drew some interest away from the market.

■ US Treasury bond prices were little changed yesterday morning as uncertainty about the prospects of an accord to cut the US budget deficit kept trading in check. At mid-session, the Trea-

sury's benchmark 30-year bond was unchanged at 1021, yielding 8.51 per cent. Shorter-dated maturities were up about ± The Federal Reserve entered

the open market to arrange \$2bn customer repurchase agreements when Fed funds, the rate at which banks lend to each other, were

trading at 8% per cent. Yesterday morning's economic news, that the leading indicators index had risen 0.8 per cent in May, had no impact on the bond market, since the rise was in line with projec-

The market concentrated on yesterday afternoon's \$8.25bn four-year note auction. In a week which has seen a record supply, yesterday's sale was generally regarded as potentially the most troublesome, because of the longer maturity. Bonds had rallied as much

as a point on Tuesday after President George Bush said "tax revenue increases" were vital to a responsible deficit reduction package. The President's words sparked hopes of a lower deficit, and the pros-pect of less government bor-rowing and room for interest rates to fall.

SBC moves foreign operations to Zurich

SWISS Bank Corporation plans to consolidate its domestic and general management operations in Basle and concentrate foreign operations in Zurich, AP-DJ reports.

The changes, which will become effective over the next 18 months, are being made in response to increased competition in the global banking industry, SBC said.

The reorganisation is not expected to trigger lay-offs. Further details on the new structure will be provided at the bank's six-monthly press

The new finance and international group, to be based in Zurich, will operate as a sepa-rate profit centre, and will focus on foreign exchange and precious metals trading, money market operations, stock market activity, capital markets, and corporate finance and

The group will also handle all business outside Switzerland. "The new organisation in Zurich should be operational by 1 July 1991 at the latest, and is expected to significantly improve our effectiveness and efficiency at the inter-

national level," said the bank. In Basie, the bank's general management and branch organisations will be conso dated under a single head office. SBC said the new arrangement would make it possible to streamline the organisation, shorten the chain command and eliminate numerous duplications of effort. It noted that other leading Swiss and international banks already had similar

organisational structures.

The structure for the Basle by January 1 1992.

FT/AIBD INTERNATIONAL BOND SERVICE

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STANDINAVISMA FIRSK 6 1/2 95

WORLD BARK 6 1/4 92 DENMARA
EB 4-58 94
FINAS 0-78 92
GENERAL ELECTRICS 3/4 93
ITALY 5 3/4 92
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STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount jessed is in militions of currency units. Chip. day - Change on

Amsterdam **Euro-index** approaches launch

By Deborah Hargreaves

THE race to create an index of top European stocks speeded up yesterday when Mr Tjerk Westerterp, president of Amsterdam's European Options Exchange, announced that his Top 100 index would be calculated in real-time prices from July 16. Reuters started to display prices of stocks in the index on Tues-

Mr Westerterp said shares had been selected from countries with a total stock market capitalisation of more than Ecu50bn. The capitalisation weightings of shares in the index have been determined by turnover of shares in their home country over the past

three years.

Nine countries are included in the index, with the UK the most heavily weighted country. at 22 per cent. France and Germany have a 15 per cent weighting each and Switzerland and Italy a 10 per cent weight. Spain, Sweden and the Netherlands are weighted at 8 per cent and Belgium at 4 per

The value of the index will be expressed in Ecu and will be calculated on a daily basis. Mr Westerterp says the EOE and the Amsterdam Financial Futures Market will soon begin trading options and futures based on the index.

The futures markets in London and Paris are also looking at developing their own versions of a Euro-index. Although Mr Westerterp is offering his index to other exchanges, few European markets have taken him up on it. However, he is talking to the American Stock Exchange

in New York about possibly listing the index on its market. where it would be denominated in US dollars.

Maltese bank stake up for sale

By Geoffrey Grima in Valletta

MID-MED Bank, Malta's largest state-owned commercial bank, is negotiating the with some European banks.

Paribas, one of France's pri-. vate financial institutions, began negotiations over the weekend. Two other unnamed ested.

The negotiations with Pari-bas, which have taken place in Valletta, form part of the Government's strategy to dispose of its 49.9 per cent sharehold-ing in Mid-Med, the former Barclays Bank operation. The remaining shares are to be put up for public subscriptions locally. According to government

officials, it is hoped to con-clude the disposal by this time next year.
Mid-Med, with assets total-

ling \$658m, towers over the island's two other state con-trolled banks, Banco Valletta and Lombard, which recently put some of its shares out for public subscription. The Government's banking strategy is aimed at diluting state interest as Malta pre-

pares to apply for full Euro-pean Community membership. Mid-Med last year reported an after-tax profit of M£3.5m. Lending totalled M£190m (\$594m) and deposits grew to M£358m. Last year the bank increased paid up capital to M£6m and increased share-holders' funds to M£12m.

Saudis offer state bonds to foreigners

SAUDI Arabia has offered state bonds to foreign investors in a policy turnround aimed at widening its secondary market for the instruments, Reuter reports.

According to Gulf-based bankers, the Saudi Arabian

Monetary Agency (SAMA) has informed commercial banks that they can sell the two- to five-year development bonds

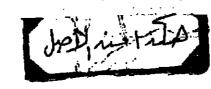
- issued since 1988 to help
cover budget deficits - to new

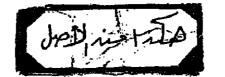
categories of investors.

These include banks operating in the Bahrain-based off-shore market and overseas branches of Saudi firms. Institutions incorporated within or resident in the six-member Gulf Co-operation Council (GCC) are also eligible to pur-

chase bonds.

Bankers said that the move, the latest in a series of steps by SAMA to broaden the bond market, indicated that the kingdom intended to rely on the instruments as a long-term source of cash. No one is revealing how many bonds have been issued. But bankers reckon that commercial banks have taken about a third of the total, and state-owned institutions the remainder.





FINANCIAL TIMES THURSDAY JUNE 28 1990

Sterling sector gets first car loan receivables deal

backed by car loan receivables. The £328m issue of floatingrate notes was issued by Car-diff Automobile Receivables Securitisation UK, known by the acronym CARS. The receiv-ables were originated by Char-tered Trust, a finance subsidjary of Standard Chartered. The five year notes pay interest at 25 basis points above the

London interbank offered rate.
Many FRN investors have already bought mortgage-backed securities, so are familiar with the concept of securitisation. A certain novelty value, coupled with extensive pre-marketing by lead manager Goldman Sachs, helped ensure firm demand and broad distrifirm demand and broad distri-bution, even though the pric-ing was more aggressive than initial price talk had suggested. The positive recep-tion of the CARS issue may encourage other companies to securitise assets, now that many initial structural difficulties have been resolved.
The five-year final maturity.

much shorter than for mort-gage-backed securities, was an incentive for some investors. The average life of the issue is expected to be three-and a half to four years, as loans which mature up to the end of the third year can be substituted. At the fixed re-offered price

THREE issues were launched in the sterling sector, including was 27% basis points above Libor. This compares with margins of just under 30 basis points for sterling mortgage-backed securities which are expected to mature in four or five years. Credit enhancement is pro-

INTERNATIONAL BONDS

vided by a letter of credit from Union Bank of Switzerland, which will ensure a triple-A

A £100m issue for J. Sainsbury, the UK supermarket chain, was launched into a softening UK glits market. The five-year 12% per cent bonds were priced to yield 64 basis points above the 12 per cent gilt due 1995. Underwriters said pricing was too aggressive to allow them to make any money on the issue, which traded at a discount equal to its full fees of 1% point. However, signs of Swiss interest prompted hopes that the issue would be placed

on the Swiss banks' buy lists.
Lead manager S.G. Warburg
Securities reported broad
demand in Europe.
The issue may also be helped
by a dearth of primary paper,
as the lack of attractive arbitrage opportunities is likely to discourage a stream of issues.

Dealers speculated that a swap into floating-rate sterling for Sainsbury would have been at a level of about Libor flat. a level of about Libor flat.

Elsewhere, the European

Investment Bank brought a

FFribn 10-year issue fungible

with an outstanding FFribn

issue launched earlier this

The pricing was considered to be aggressive. At a yield spread of 47 basis points above the 10-year French Treasury, the issue did not offer any yield pick-up over the old issue, according to lead manager Crédit Lyonnais. However, unlike recent issues for French companies, the deal was targeted at international investors. It was bid at 1%, on full fees. In the Australian dollar sec-

Office of New South Wales brought an A\$65m issue of 15½ per cent three-year bonds via Westpac Banking Corp. The issue, targeted at continental retail investors, was bid at less 1.45, just inside 1½ point fees. The third issue launched in the sterling sector was a \$20m.

tor, the Government Insurance

the third issue launched in the starling sector was a £20m issue for Swedish Export Credit via Midland Montagu. Redemption of the five-year issue is linked to the sterling/ D-Mark rate, and is targeted at investors taking a bullish view on sterling. However, there is a floor on the redemption price at 78 per cent of par.

Belgium looks anew at government debt

Deborah Hargreaves explains a wide-ranging reform of borrowing policies

a wide-ranging reform of the domestic money market is being reflected in a new approach to its borrowing poli-

INTERNATIONAL CAPITAL MARKETS

The Government is issuing its debt in a new form in a bid to make it more attractive to overseas investors.

The Government started to issue linear bonds, Obligation Linear - Lineaire Obligatie, the so-called OLLOs - in May last year in a bid to attract foreign buying of domestic bonds. Under the old system foreign investors ran into tax disincentives. Although they paid no witholding tax, they had to go through a lengthy process of claiming back the tax and registering their bond holdings in Brussels.

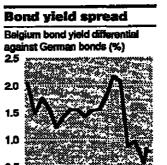
Brussels.
OLLOs are similar to French government bonds, or OATS, in the way the Government can tap an issue - the latest issue is due to be tapped today. They have an average life of

The move by the Belgian five to six years and are dis-Government to institute tributed by a Dutch auction. tributed by a Dutch auction.
Under the old system, the bonds were callable - another feature that was offputting for overseas buyers - and were distributed by a consortium of

> Mr Umberto Arts, who sells Belgian bonds to foreign buyers at Krediethank in London, says he has seen a steady increase in overseas interest in the last two to three months, helped partly by unsettled conditions in the German bond market in the run-up to German monetary union next Monday.
> The Belgian Government's

> decision to peg the Belgian franc to the D-Mark is another factor that has sparked foreign interest in the market. In addition, the Government cut the three-month interest rate to 9.4 per cent yesterday.
>
> Although the country still

supports a massive budget defi-cit, linking the franc to the D-Mark is a sign that the Gov-



ernment is managing to control the economy. Indeed, the Belgian inflation rate at 2.98 per cent has fallen just under the level in Germany which is around 3.2 per cent.
The yield spread between the two markets has narrowed considerably with the tighter monetary policy in Belgium. The Belgian OLLOs are currently

1990

offering a yield of 9.70 per cent to 9.80 per cent - about 100 basis points higher than German yields – and Mr Arts believes this will narrow to 45 basis points later this year.

Since the OLLOs are largely placed in the international market via the auction system, they offer the Belgian Treasury a cheap source of funding. Under the old placement sys-tem, banks could command a hefty fee for distributing the

Belgian investors are in-famous buyers of foreign bonds - the Belgian dentist cuts a legendary figure in the Euro-bond market - but the net outflows of capital have wor-ried the Government. In a bid to keep some money inside the country, the Government has cut the rate of witholding tax on bonds from 25 per cent to 10 per cent - this is likely to spark additional domestic demand for government paper.
In fact, the Government recently reported that the country's savings rate in Belgian francs had risen above the rate in foreign currency for the

first time in 30 years. At the same time, the Government is expected to open up the market for issuing Europaper in Belgian francs. The market is expected to open up in a couple of months when the central bank institutes a queue system for would-be borrowers in the Euromarket.

n a further move that should add depth and liquidity to the market, a futures exchange, Belfox, will be starting up next year. The exchange will run a screen system with its key product being a futures contract based on a retient bend to the start based on a notional bond.

An over-the-counter futures contract based on a notional bond has been running for the past two years, but the banks which trade it believe that an exchange will provide a more transparent market for hedg-

Futures talks make headway

TALKS between the Chicago Board of Trade and a group of UK insurance brokers on a joint futures product made some progress yesterday and both sides left the meeting in the belief that there is room for some co-operation if not for a truly global product.

The two insurance products under development in Chicago and London are "strikingly complementary," according to one broker at the meeting. The Chicago initiative is based on the US insurance market while the London group has focused on a more international con-

Turkey has established a pro-gramme under which it will be able to issue up to \$300m of

medium-term notes in the international market.

Notes under the programme, which if successful will provide more evidence of Turkey's

rehabilitation in the interna-tional financial markets, may

tract that would be based on marine or aviation insurance. In addition, the CBOT's con-tracts, which are based on car collision and healthcare insur-ance, are designed to be traded by the time-honoured method of open outcry in a trading pit. The brokers in London are looking at a screen-based prod-uct that would be cheaper to use. They are not necessarily concentrating on a futures product and could look at

options first.
The London group which is led by the International Commodities Clearing House and

in maturities ranging from one

on the International Stock Exchange in London, Saudi

International Bank and J.P. Morgan Securities arranged the programme and

will act as joint dealers.

• Industrikredit, the Swedish

The securities will be listed

Turkey to issue medium-term notes

includes leading insurance bro-kers is in contact with the London International Financial Futures Exchange (Liffe) and the London Futures and Options Exchange (Fox). The group said yesterday it would soon reveal details of its contract proposals.

The creators of Chicago's contracts believe that derivatives on insurance products could have the potential to dwarf the massive Treasury bond futures market that is the

enterprise finance corporation, has arranged a \$300m Euro-

commercial paper programme through Svenska International.

Daiwa Europe, Skandinaviska Enskilda Banken and Swiss

Bank Corporation are also

dealers on the programme.

It is rated A1+ by Standard

the agencies' top ratings.

Poor's and P1 by Moody's,

more than doubled in size following a strong investor

Merrill Lynch, arranger of

quacy rules.

The issue of non-cumulative

Barclays issued \$500m of such paper last year, and may issue a further \$276m later this year, market conditions per-mitting, under a current shelf registration statement with the US Securities and Exchange

to US retail investors. Bar-

preference shares in US clays, the first of the main UK

By Stephen Fidier. Euromarkets Correspondent

Barclays doubles issue of

AN ISSUE of preference shares in the US by Barclays Bank to bolster its capital has been

the issue, said yesterday it had been increased from \$100m to \$224m. The highly-subordinated preference shares will qualify as Tier 1 capital under Bank of England capital ade-

preference shares carried a gross dividend of 11% per cent to investors. Part of this fixed-rate is accounted for by UK Advanced Corporation Tax, which reduces the net cost to Barclays to 8.4 per cent.

Brian Worsley, Barclay's assis-

The shares are sold mostly

clearers to issue such paper, appears to have benefited from US investors' worsening per-ceptions about the strengths of domestic banks.
Midland Bank, Bank of Scot-

land and National Westminster Bank have been granted the right to issue such shares.

Bankers say there are some doubts about whether the time would be right for Midland to approach the market. National Westminster Bank also has not yet approached the market, perhaps because it would be forced into more disclosures about its financial liability in the Blue Arrow affair.

 Banco de Comercio e Industria, one of Portugal's biggest private sector banks, has begun a three-day operation to raise its capital by 10bn escudos to 17.34bn escudos. The operation involves the

incorporation of reserves of 5m shares on a one for two basis. the issue of 340,000 shares at 2,000 escudos each for staff and a public offer of shares and honds converted into stock at

NEW INTERNATIONAL BOND ISSUES 27¹2/15bp Goldman Sachs in 17/114 S.G. Warburg Sect 11₈ Midland Montagu L Sainsbury(c) wedish Export Credit(d) FRENCH FRANCS 9% 100.20 2000 13/14 Gredit Lyonnals Asahi Breweries(b):• Caripio.London Branch(e)• 15½ 101.95 1993 112/1 Westpac Banking #Floating rate notes. • Final terms, a) Fungible with existing FFr1bn bond launched in January. Non-callable. Purchase fund. b) Coupon pays 45bp under 6-month Japanese long-term prime rate. Put in July 1996 at par. Non-callable. c) Non-callable, d) Redempton tinked to #DM exchange rate. e) Put and call Oct. 1992 at par. f) Coupon pays 25bp over 3-month Libor. Average life 3½-4 years. Fixed re-offer price.

Mellon Bank aims to simplify structure

MELLON Bank Corporation has filed applications with the Comptroller of the Currency to consolidate the charters of its five Pennsylvania banks, Reuter reports.

It is undertaking the consoli-dation to simplify its financial and legal structure and for customer convenience.

Mellon's Pennsylvania banks include Commonwealth (North) in Oil City.

FT-ACTUARIES SHARE INDICES

National Bank in Harrisburg, Mellon Bank (Central) in State College, Mellon Bank (East) in Philadelphia, Mellon Bank in Pittsburgh and Mellon Bank

LONDON MARKET STATISTICS

THE CENTRAL Bank of be issued in dollars or Ecu and

to 15 years.

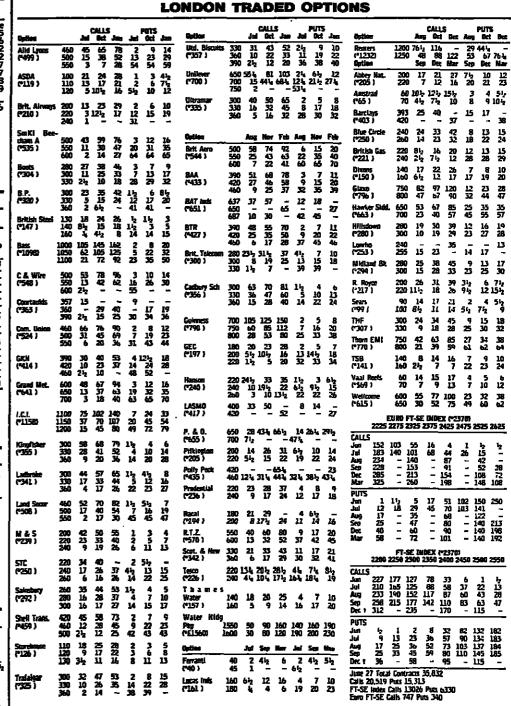
By Stephen Fidler, Euromarkets Correspondent

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EQUITY GROUPS	$\overline{}$	Wednesday June 27 1990							Fri Jen 22	Year ago (approx)
& SUB-SECTIONS Figures in parentheses show number of stocks per section	index No.	Day's Change %	Est Earnings Yield% (Max.)	Gress Dir. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	index No.	lodex No.	Index No.	ladex No.
49 INDUSTRIAL GROUP (481)	1470.04 2588.81 1792.13 473.52 500.58 501.60 375.26 1628.95 1318.64 1612.90 1118.21 12540.00 2547.05 1118.21 1259.00 3556.62 838.55 905.11 1202.61 1300.96 1690.02 2326.69 1233.56 1953.52 1822.71 1202.71	-0.8 -0.9 -0.4 -0.4 -0.4 -0.4 -0.4 -0.4 -0.4 -0.5 -1.0 -1.1 -1.2 -0.5 -1.1 -1.2 -1.1 -1.1	12.93 13.47 10.99 10.37 13.69 11.75 23.41 10.87 9.44 10.22 9.13 10.97 10.58 10.15 10.55 11.05 11.05 11.05 11.05 11.05	5.11 5.21 5.21 5.21 4.92 5.10 6.15 4.94 3.59 3.29 3.24 2.72 4.07 5.19 4.47 7.09 4.47 7.09 4.43 4.53 4.63 4.83 4.83 4.83 5.50 5.63	9.42 9.19 7.95 11.20 8.71 10.27 5.86 10.62 12.82 12.11 14.03 17.62 12.09 10.25 11.20 11.20 11.20 11.30 11.76 6.75 9.61 11.46 10.81	19,75 27,292 61,433 26,124 10,10 10,481 36,58 20,52 23,38 19,91 25,10 24,42 12,49 15,27 31,95 47,77 37,62 19,89 19	906.53 1163.60 1163.60 1163.60 12628.85 1808.90 475.51 502.64 505.29 1641.09 1133.90 1629.69 1133.90 1629.69 1133.90 1629.69 1133.90 1629.69 1133.90 1629.69 1133.90 1	2619,46 1809.08 473.74 498.84 501.56 376.61 1633.68 1128.13 2546.65 2546.65 1245.37 1524.18 613.68 3585.11 856.98 502.65 1213.52 1720.37 1245.	1144.72 1447.94 2627.99 1801.39 473.03 502.08 501.07 374.75 1625.88 1617.34 1123.00 1510.65 613.65 613.65 613.65 3578.97 843.67 594.03 1207.07 1723.27 1309.63 1207.07 1723.27 1309.63 1207.07 1723.27 1309.63 1207.07 1233.40 1238.00 1831.11 1193.70 2319.00 1288.04 1288.04 1288.04	1623.73 2851.34 2227.67 0.00 0.00 522.17 329.47 1659.48 1250.48 1250.48 1250.48 1250.74 1250.7
91 Overseas Traders (5)	850.04 1497.22 715.29 1020.11 438.76 1094.12 298.37	-0.5 -1.8 +1.1 +0.4 -0.5 -0.5 -0.1 -0.1 -0.9	19.31 	6.32 4.90 5.78 6.40 4.62 4.30 6.50 3.19 6.38 4.71	6.78 - 15.49 15.56 10.46 - 12.35	25.62 36.94 19.43 31.64 10.76 19.54 7.47 15.35 44.49	865.72 1481.48 712.64 1022.07 441.46 1094.61 298.73 1221.68 1444.56 1181.10	867.42 1475.59 711.37 1025.34 442.62 1086.89 298.48 1216.07 1431.97	704.99 1034.39 448.55 1079.21 299.04 1221.31 1431.80	
99 ALL-SHARE INDEX (679)	Index No.	Day's Change	Day's High (a) 2394.1	Day's Low (b) 2369.1	Jun 26 23 99.8	J≊ 25 2398.5	Jun 22 2378.5	Јия 21 2370.3	Jun 20 2371,2	Year ago 2209.4

FIX	ED !	NTE	REST				AVERAGE GROSS REDEMPTION YIELDS	Wed Jun 27	Tue Jun 26	Year ago (approx.)
PRICE INDICES	Wed Jun 27	Day's change	Tue Jun 26	xd adj. today	xd adj. 1990 to date	I 5	British Generation 5 years	10.57 10.57 10.57 11.98	10.55 10.54 10.54 11.87	9.95 9.41 9.26 10.81
2 5-15 years	115.49 122.47 126.32	-0.57 -0.73	115.87 123.18 127.25 145.38	0.26	6.53 6.91 6.15 7.35	5 6 7 8 9	Medium 15 years 17 years	11.10 10.73 12.07 11.35 10.96	10.99 10.65 11.97 11.24 10.87 10.52	9.88 9.46 10.95 10.10 9.66 9.30
5 All stocks	145.14 122.26 146.61	-0.43 +0.02	122 88 146.58 138.84	0.09	2.03	11 12 13 14	Index-Linked Inflation rate 5% Up to 5yrs. Inflation rate 5% Over 5 yrs. Inflation rate 10% Up to 5 yrs. Inflation rate 10% Over 5 yrs.	5,27 4,19 4,16 4,01	5.26 4.16 4.16 3.98	
B All stocks	138,38 138 89	-0.30	139 31		6.11	15	Delts & 5 years 15 years 25 years	13.77 12.87 12.86	13.34 12.86 12.86	12.00 11.68 11.35
9 Otherines & Leans 10 Preference		-0.09 -0.06	99.89 73.79		3.45	18	Preference	12.52 pm 2377.8	12.51 4 pm 23	

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FINANCIAL & PROFESSIONAL SERVICES IN BIRMINGHAM AND THE MIDLANDS George House George Road Edgbaston Birminghan B15 IPG

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sizeable

acquisition

By Charles Leadbeater.

UNITED Engineering Steels, the Rotherham-based special

steels maker, is on the verge of making its first significant for-

eign acquisition in the shape

neering and industrial service

group, said it had reached

agreement in principle with

Wyman-Gordon to acquire the US group's midwest division which forges and machines

crankshafts for trucks, off-highway vehicles and power

generators. The two companies expect to conclude the deal in

The investment comes as UES is in the midst of closing

its Brymbo plant in North Wales and a £200m investment

programme in its main plants in Yorkshire. UES's plan to move into the

US comes days after it was dis-closed that British Steel had

held discussions with USX, the leading North American steel producer, over the purchase of

of a US crankshaft maker. UES, jointly owned by Brit-ish Steel and GKN, the engi-

in the US

Industriai Editor

Rothmans rises to £405m and seeks efficiencies

By Andrew Hill

ROTHMANS International, the tobacco and luxury goods group, pushed profits up by 24 per cent in the year to March 31, making £405.6m pre-tax, against £326.7m previously.

from £1.91bn to £2.22bn and earnings per share increased by 23 per cent to 64.4p (52.3p). The recommended final dividend of 9.2p on the ordinary and B ordinary shares makes 15.4p (12.3p) for the year. The B shares slipped 2p to 753p yes-

Since last November the British company has been con-trolled by Richemont, the Swiss-based group which itself reported a 24 per cent increase in profits yesterday. Richemont raised its voting stake in Rothmans from 44 per cent to 68 per cent through an offer for

Lord Swaythling, Rothmans' chairman, said Richemont, which is controlled by the South African Rupert family. had taken a much greater interest in the running of the company since increasing its stake. "I believe they are a very positive influence on the company," he said yesterday. The contribution from Rothmans' principal subsidiaries in to a £100,000 loss, although



Lord Swaythling: positive influence from Richemont

same as in the previous year, with its tobacco interests generating 87 per cent of group profit and the balance coming from the luxury goods operations, which include a controlling interest in Dunhill Holdings.

Tobacco increased operating profits from £265m to £320.5m on sales of £1.74bn (£1.48bm), and luxury products put in £49.4m (£38.1m) on turnover of £227m (£180m). Other activities dropped from a £100,000 profit

sales were £257m (£246m). Rothmans also owns a 47 per cent stake in Cartier Monde the balance of which is controlled by Richemont. The UK group's share of Cartier's prof-

its rose from £41.4m to £69.3m. Lord Swaythling stressed the illence of the tobacco and luxury goods brand names, even when faced by hard times, and said growth would continue to be mainly organic, although the group has more than 2500m of net liquid funds on its balance sheet.

The company would try to squeeze additional efficiencies from its tobacco manufactur-ing plants, Lord Swaythling said, adding: "There's not said, adding: "There's not enough growth in the tobacco industry worldwide for people to sit on their backsides and expect the business to come to them."

• Richemont's pre-tax profits rose from £467m to £580m in the same period, on gross sales revenue of £5.9bn (£4.78bn) generated by a range of interests in financial services, natural resources, luxury goods and tobacco. Earnings per unit were £254.70 (£185.40), and the dividend per unit was £41.25 (£33.75).

ome of its steel assets. Wyman-Gordon's crankshaft division employs about 640 people at plants in Michigan and Illinois. It manufactures forgings, castings and compos-ite structures mainly for the aerospace industry and other industrial applications.

Graham Wood advances 52%

Graham Wood, the constructional engineer, lifted pre-tax profits by 52 per cent from £1.15m to £1.75m in the year to March 31.

Turnover expanded 42 per cent to £39.77m (£28.08m), with all of the group's 12 businesses performing satisfacto-rily with the exception of Structural Fireproofers, which is to be wound down.

Basic earnings per share slipped to 35.9p (38.8p) and fully diluted to 31.2p (31.9p). The decline reflected the sharp rise in tax to £485,000 (£145,000). A final dividend of 5p is pro-posed, making a total of 8p.

UES set for | UK housing recession bites at three companies reports Andrew Taylor

Crest Nicholson falls into £572,000 loss CREST NICHOLSON, the

housebuilder and commercial property developer, incurred a pre-tax loss of 2572,000 in the six months to end-April as the housing market in southern England remained in deep

During the corresponding period of the previous year the group made profits of

Mr Roger Lewis, chief executive, said rises in interest rates had hit both the residential and commercial property mar-

In the first six months of the current year Crest sold 500 homes, 16 per cent fewer than in the comparable period.

Price cuts, introduced in a hid to stem falling sales, meant. that losses by the housing division rose to more than £3m. This included a provision, thought to be more than £1m, to cover future losses on land

There had been a slight revival in house sales during January and February but this had halted abruptly when building societies increased mortgage interest rates before Easter. The housing market currently remained very difficult, said Crest.

The property and contracting division is thought to have made profits of more than 13m of which construction is understood to have contributed about £2m.

Mr Lewis warned that the slowdown in the commercial property market meant that many institutions were currently not investing in commercial property. He said the outlook for the rest of the year therefore was likely to be diffi-cult while interest rates remained high.

The balance sheet, however, remained relatively healthy with borrowings of £49m at the end of April equivalent to 32 per cent of shareholders' funds.

Crest Nicholson Share orice (pence)

The interim dividend is maintained at 3p.

• COMMENT In spite of a torrid first half Crest should be capable of making pre-tax profits of £12m for the full year compared with £37.12m in 1988-89. This, assum-ing earnings of about 8.5p fully

of almost 17, well above any other housebuilder. The reason for this rating can only be the potential of the large number of options to acquire housing land held by the group which operates mainly in southern England and east Midlands. These should be among the first regions to feel the benefits of any recovery when interest rates eventually decline. However, a recovery at this point looks like being at least 12 months away even assuming an interest rate fall by the end of the year. There are also other stocks just as well, if not better placed, to take advantage of a recovery when it comes. These do not command the kind of rating enjoyed by Crest even after a 9p fall to Crest even after a sp lan w 144p in the company's share price yesterday. The stock is tightly held which helps explain the high rating but any upside is already in the price given the current outlook for housing.

Glynwed lapses Alumasc bid

GLYNWED International, the engineering group, yesterday lapsed its £34m bid for Alu-

masc, the beer keg maker. The deal, which had been accepted by holders of over 98 per cent of Alumasc's shares, was referred to the Monopolies and Mergers Commission ear-

Yesterday, Glynwed refused to be drawn on whether it would now pursue the reference. "We are carefully considering all aspects of the position at present and a decision will be made in the light of this,"

Glynwed did. however, state that earlier hopes of restruct-uring the deal to avoid the worries which triggered the MMC referral had proved abortive. "It was not possible," the

It added that it would make an announcement on whether it planned to pursue matters with the MMC within the next

Globe accuses British Coal funds

Globe, Britain's biggest investment trust and currently fighting a £1.11bn bid from the British Coal pension funds, offer "was mean to start yesterday accused its predator of "just trying it on". with and is now even meaner".

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was all it would say.

few days.

When the referral was announced, the Secretary of State for Trade and Industry said that his concerns centred petition for metal rainwater products. Glynwed's first reaction was to express amazement at the decision and to claim that plastics, rather than metal goods, dominated the market for rainwater products.

The lapsing of the offer means that Alumasc share-holders will have their share certificates returned to them. Alumase acknowledged that this would be a "disappoint-ment", but said that "prospects In its formal response to the for growth as an independent public company are excellent and undiminished". revised terms of 205p per share, Globe claimed that the offer "was mean to start

Alumasc shares slipped 5p to

go private as profits dive FAIRBRIAR, a housebuilder total was 5p. Fairbriar also announced

and commercial property developer based in southern England, has postponed plans to take the company private following a sharp fall in

Mr Remo Dipre, whose family owns about two-thirds of the shares, said difficult conditions in the housing market had made it impossible to produce a proposal which could be put to other shareholders.

Plans to take the company private were announced at the beginning of this year when the group's shares were

trading at 92p.
Fairbriar's shares were unchanged at 28p yesterday following the announcement that pre-tax profits had fallen from £13.07m to £2.3m during the 12 months to end-March. Turnover fell from £46.91m

Mr Dipre said that in the light of difficult market conditions the market the company had decided not to pay a final dividend. The interim divi-dend was cut earlier this year

to £29.91m, while earnings per share dropped from 23.54p to

from 1.7p to 1.25p. Last year's

an extraordinary loss of £1.14m, taken below the line, against small share stakes in rival housebuilders and prop-erty developers Bellwinch and

Mr Dipre blamed high interest rates for falling demand for residential and commercial property and for a jump in the company's inter-est bill from £1.54m to He said: "I anticipate that

the residential property mar-

ket will not improve signifi-cantly until the interest rate is more favourable and that the current year will there-fore also be difficult." Mr Dipre said borrowings had risen higher than the group would like and that it was rearranging some of the financing on investment prop-

He said the group's develop-ment programme would be delayed to enable completed developments to come on stream when the investment climate was more

erties onto a longer term

Fairbriar shelves plans to Worst market for 50 years cuts Berkeley to £204,000

THE RECESSION in the UK housing market was the worst for 50 years Mr James Farrer, chairman of Berkeley Group, housebuilder and commercial property developer, said yester-

Mr Farrer made his remarks as Berkeley announced that pre-tax profits had fallen from £22.11m to just £204,000 during the year to the end of April. The figures included a provi-sion of £2.8m to cover a fall in land and house prices during

Berkeley's chairman said the past year had been the most difficult the company had faced since it started trading in 1976. The impact of the slump in the housing market had been most acute in southern England where the company's operations were concentrated. Group turnover fell by 29 per cent from from £139m to £98.1m. Earnings per share fell

from 34.2p to 0.3p.

The group last year sold 378 houses, 36 per cent fewer than in 1988/89. Housebuilding profits slumped from £21.23m to 25.11m. Commercial property profits fell from 2613,000 to 2302,000. Profits from housing joint ventures also slumped

Berkeley yesterday announce that it was forming three joint venture companies with Saad Investments of Saudi Arabia, which is taking an 8.55 per cent stake in Berkeley. Two of the joint ventures propose to acquire land put up for sale by distressed British housebuilders. The third joint venture will concentrate on commercial property investment said Berkeley. The group's investment in the three companies will be a maximum of £7.5m it said.

from just over £3m in 1988/89 to 2566,000 last year. Interest charges were largely unchanged at £2.94m in spite of the rise in interest rates. Mr Farrer said the company

had reduced its borrowings from £32.9m to £11.1m during the 12 months to the end of April - a reduction in gearing from 40 per cent to 14 per cent of shareholders' funds. Mr Farrer warned that the

company was bracing itself for another difficult year. In spite of the sharp fall in profits Berkeley announced a maintained final dividend of Sp

ANOTHER BUSY WEEK AT SAMUEL MONTAGU...

Monday 18th June

Announced and underwrote £22 million rights issue for Sketchley.

Tuesday 19th June

Together with Düsseldorf office of Trinkaus Montagu GmbH, advised British Steel on the acquisition of Klöckner-Werke's sectional steel division at Troisdorf in West Germany for DM300 million.

Wednesday 20th June

Completed the £23 million acquisition by Lloyds Chemists of the Cross Herbert chain of chemist stores, largely financed by successful £13 million share offer.

Thursday 21st June

Following appointment as adviser to Tarmac Properties Limited, underwrote £12 million facility to assist funding part of 142 acre former BREL site at Swindon.

Together with the Corporate Finance team at Midland Bank S.A. Paris, advised Pinault S.A. on the sale of Chapelle-Darblay to Kymmene Oy for FFr 1.32 billion.

Friday 22nd June

Completed loan financing for the acquisition of Hotel des Indes in The Hague by Intercontinental Hotels.

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Stratagem to relaunch Colonnade

By Clare Pearson

STRATAGEM, the investi company which won a tough battle with British & Commonwealth over the takeover of Colonnade Development Capi-tal earlier this year, plans to relaunch the company, previously involved in UK venture capital, as a vehicle for invest-

ments in Turkey.

Argosy Asset Management is to manage The Turkey Trust and Mr Asil Nadir, chairman of Polly Peck International, or Poly Peck International, the trading group, is to become one of its directors. Impexbank of Islanbul will be the local investment adviser. There are proposals for a placing of 4.73m shares, to raise about 29.8m for the

investment trust, approxi-mately doubling its size. In addition, there is to be a free issue of warrants on a one-for-five basis.

Stratagem, which owns 98.8 per cent of the shares, is irre-vocably committed to accept-ing the offer but minority shareholders are being offered an opportunity to sell their

shares.
Strategem, which in January launched a hostile £8.24m cash bid for Colonnade, successfully opposed plans for its self-liquidation in March.
The Turkey Trust is intended to achieve long term capital growth through investment both in quoted equities traded on the Istanbul stock exchange and unquoted companies expected to obtain quotations there.

Trimoco

Mr Roger Smith, chairman of Trimoco, told the AGM that the company was trading profitably in all regions. He added that the first two months of the current year indicated results ahead of budget.

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provisions of the notes, notice is hereby given that for the interest period June 28, 1990 to ember 28, 1990 the notes will carry an interest rate of \$ 3/8 0/0/ per annum.

Interest payable on the relevant interest payment date September 28, 1990 will amount to use 2, 140.28, - per usd 100,000 note.

Agent Bank; Sanque peribes

Anglo improves to £10.88m

ANGLO GROUP, controlled by Sir James Goldsmith and companies within Lord Rothscompanies within Lord Roths-child's stable, yesterday reported pre-tax profits of £10.88m for the year to end-March, compared with

The figures, however, are somewhat academic: Anglo announced last week that it was salling its only operating asset, a leasing business, for £120m.

The move, which caused the

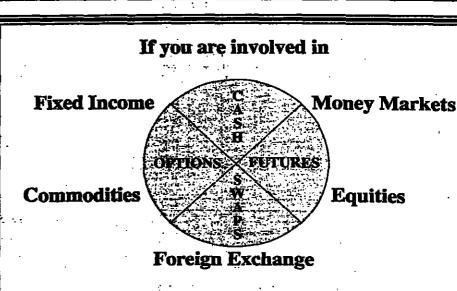
shares to be suspended, leaves £47.56m (£32.13m), with Anglo with only one significant administration expenses can asset — a holding in Suningdale, a private company £12.89m. which in turn holds 29.9 per cent of Ranks Hovis McDou-

The company said yester-day that Anglo Leasing had enjoyed "an excellent year" in which new business had risen by 47 per cent to

Gross earnings under finance agreements totalled

Other income amounted to £321,000 (£677,000), while net income from investment activities totalled £822,000 (nil). Interest payable reached £24.96m, against £14.42m in

the previous year. Basic earnings per share creased from 25.1p to 31.3p. The fully-diluted figure was



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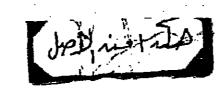
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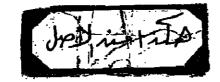
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HOGG ROBINSON, the travel, transport and finan-

cial services group, staged a recovery in the year to end-March, in spite of a loss on its lessure travel activities.

Taxable profits more than

doubled to £10.41m (£5.01m), almost back to the levels of

the £11m made in 1987-88. In the year under review turn-over contracted to £87.21m

An important factor was the sale of its property ser-vices division to Sun Alli-

ance. Some 60 per cent went at the end of the previous financial year, in which property recorded a £2.2m loss. Although the remaining 40 per cent was not sold until

The travel division saw profit fall from £3.02m to £2.8m on sales of £55.79m

Mr Brian Perry, chairman, said business travel contin-ued to grow, but the leisure side had lost the best part of

Airtours interim loss rises to £8m

AIRTOURS, the Lancashire-based holiday company, reported a pre-tax loss of 17.55m in the six months to March 31, more than double the £3.55m deficit for the corresponding period of last year. sponding period of last year.

Apartifrom one off problems in its long-haul activities, the company was operating in a market which saw holiday bookings down by 40 per cent in November and December, while the number of skiing holidays taken fell by 30 per

The profit slump came on increased turnover of £40.42m (£34.74m). The company carried 170,000 (£30,000) people.

Mr Harry Coe, finance director, said the increased volume of holidays last summer meant there were more "empty legs" a sirraft were sent out to colas aircraft were sent out to col-lect end-of-season customers.

Delayed holiday bookings

pelayed holiday bookings meant the company lost out on deposits and insurance income. These two factors plus start-up costs for the direct selling of continental camping holidays (Eurosites) and the UK Cottage Directory knocked about £2m off profits.

A further £2m disappeared on the long-hahl side through excess capacity on some

excess capacity on some routes, while the sudden loss of one aircraft meant that scheduled large had to be paid to get customers to destina-

tions such as Hawaii.

Mr Coe said these problems had been solved by cancelling the slack part of the programme and by increasing flexibility through switching to smaller aircraft belonging to established carriers — British

the winter sunseekers, although the market was 11 per cent down, Airtours had seen a 300 per cent increase through the success of destinations such as

the Canary Islands.

For this summer, package holiday booking had picked up from February to April, but had then slackened again. He said numbers were 9 per cent down for the company com-pared with a fall of up to 20 per cent for the sector. However, the outlook was better for profit margins because of a truce in the price-cutting war between Thomson and II.G.
Mr Coe said the group had about £10m in the bank.

The loss per share swelled to 32.31p (16.04p) but the interim dividend is unchanged at 1.5p.
The closing price of 152p, down 4p, compares with 180p when the company was floated in March 1987.

COMMENT

Airtours, with its bias towards the less financially battered northern consumer and lack of debt, can to some extent limit the damage inflicted by a depressed market. But as the largest operator without its own aircraft, it has proved accident-prone in terms of incurring sudden large expenses. Last year there was the "flying pig" (a broken-down jumbo), this time an aircraft supplier went bust. Its solution involves hiring aircraft from its rime large.

A profit forecast of £5m for the full year, compared with £5.2m,

This year would continue to be difficult because of a 15 per cent contraction in the favour, sound management has helped it to protect its margins.

(£1.07m).

(£49.92m).

UK COMPANY NEWS

Hogg Robinson recovers to £10.4m

Brian Perry: important factor was the sale of the property

early this year, a loss protec-tion arrangement kept its deficit out of Hogg's With more than £60m in the bank (about half being advance payments), interest received jumped to £3.52m ackage holiday market. Hogg had, however, only experienced a 4 per cent

The slight improvement in market share (Hogg was fourth behind Lunn Poly, Thomas Cook and Pickfords) had been achieved with only minimal price discounting.

Transport, which involves carrying freight between the UK and other countries rather than purely domestic business, overtook travel as the biggest profit earner with 23.48m (£2.96m). This

bution from Weys Inter-Europa, a Dutch haulier which was added to an established trailer subsidiary.

The Government Freight Agency, which transports people and goods for the mil-itary, also had a good year. Financial services, which saw profit fall to £1.41m in the previous year, recovered to £2.4m. This was due mainly to a new computer system for sorting out employee pensions and to growth in personal lines — household and car insur-

Earnings per share rose to 9.07p (4.28p). A final dividend of 3.3p makes a total of 5.3p The share price gained 5p to close at 125p.

O COMMENT

A measure of Hogg's improvement is that the seasonally quieter second half added £3.8m this time, whereas £4.5m was knocked off in 1988-89. It did well to sew up the property division sale more than a year ago. The group is now cash rich: the £32m it had available at the year end compares with a market value of just over £86m: no wonder Sir Ron Brierley's IEP Securities has built up a 16 per cent stake. Some of the cash is earmarked for acquisitions: 19 more travel agents have already been bought. The Weys haulier opens the way to eastern Europe and Hogg's transport ambitions also extend to other parts. The group obviously remains vul-nerable to UK consumers' constricted demand for forconstricted demand for for-eign holidays and leisure travel is only expected to break even this year. A pre-tax profit of £12m gives a prospective p/e of nearly 12 — not cheap, but next year there is considerable scope for recovery in leisure

Wolseley expands with £26m purchase

WOLSELEY, the distributor of building materials and plumb- \$72m, up from \$43.3m in the ing and heating equipment, has scooped up Needwood Holdings, the builders' merchant which went into receivership a month ago, at a price of about £26.4m. Net assets of Needwood, the

first large builders' merchant to fail since the downturn in the housing market began in August 1988, stood at about

£37.7m. well as the UK, achieved properties of £54.2m (£53.6s in the year to end-January.

The purchase takes Wolse-ley's UK heavy building mate-rials business out of its traditional south-east base, providing the company with 35 further branches in the Mid-

lands, northern England, the West Country and Wales. Wolseley, which has substantial operations in the US as well as the UK, achieved pre-tax profits of £54.2m (£53.65m)

Lilley prevents Tilbury from diluting its holding

By John Thornhill

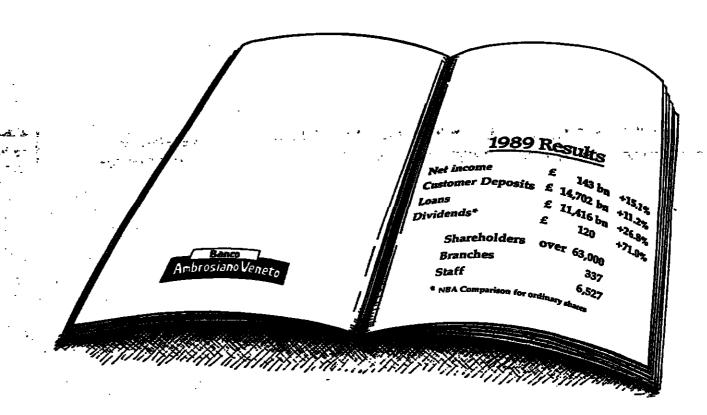
LILLEY, the construction company which last year nar-rowly failed to win control of Tilbury Group after a £137m takeover bid, has prevented its

takeover bid, has prevented its rival from diluting its 29.9 per cent holding in the company through issuing more shares. At its AGM yesterday, Tilbury withdrew a standard resolution allowing it to allot further shares of up to 5 per cent of the target department of the started of the control and the started of the control and the started of the shares of up to 5 per cent of the issued share capital and disapply pre-emption rights after Lilley had made it clear that it intended to vote down any such move.
Lilley said it had opposed this resolution in order to protect the value of its invest-

In his speech to the AGM, Mr Michael Walters, Tilbury's chairman, noted that there had been public criticism of the high level of executive pay.
Last year. Mr Michael
Bottjer, chief executive,
received £902,000 in total remuneration. One other director
was paid more than £700,000
and another over £440,000.

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gives a prospective p/e of 7.6. As it has a lot of ground to aledonian, Monarch and Air make up, there is some risk. Medium term, the prospects are much brighter. Caledonian, Monarch and Air Strong overseas trading

helps Courts to £11.5m

THE PROBLEMS of the UK overseas trading jumped from economy and its effect on high £780,000 to £3.53m - leaving economy and its effect on high street trading were reflected by yesterday's annual results from Courts (Furnishers).

pre-tax profit at £7.95m against £10.23m. Mr Paul Cohen, chair man, said the reserve totalled

For the year to March 31, profits before transfer to deferred profit and tax rose slightly from £11.01m to £11.48m on turnover up from £14.64m to £154m.

UK turnover fell by 9 per cent to £83.1m, but this was more than offset by an increase of 29 per cent to £1.24m related to errors in finite service. The transfer to deferred the first service to to March 31, found in the factor of the first service in finite service to the first service in the computer stock system became fully operational this year and new continuous forms. The transfer to deferred tional this year and new con-profit arising from buoyant trols were implemented.

Hicking falls into red and plans £2.5m diversification

A SUBSTANTIAL exceptional debit contributed heavily to the plunge into losses at Hicking Pentecost in the year to March 31.

A SUBSTANTIAL exceptional income of about £250,000 a year and has been valued at £2.4m; Forgemasters made pre-tax profits of £128,000 in the year to March 31 when net assets ing Pentecost in the year to March 31.

The company, involved in the manufacture of knitted outerwear and dyeing and finishing of such products, sustained taxable losses of £1.69m, against profits of £723,000 last

While unveiling the downturn, Hicking also announced the proposed acquisition of Forgemasters (Holdings), a South Wales-based steel forger and processor, for up to £2.49m

m snares.
Mr John Lister, chairman, said that this move away from Hicking's core business stemmed from the board's conclusion that the group was vul-nerable through its exclusive dependence on textiles and that diversification would

With Forgemasters comes an 8.9 acre property, which has scope for further development. The property generates rental

As Hicking will assume debts of £1.3m with the acquisition, it has proposed to raise £1m, before expenses, via an

In the period under review, Hicking saw turnover decline to £18.95m (£19.16m) with operating profits tumbling to £144,000 (£1.11m).

Exceptional losses totalled

£1.25m and related mainly to reorganisation, redundancies and stock write-downs in the knitwear division and losses in connection with Realmtree, its casual wear designer and marketer now sold to its manage-

to 27.09p (earnings of 10.66p) but, in spite of the poor trading results, the directors are pro-posing to maintain the final dividend at 1.5p for an unchanged 2p total.

Interest charges restrict Wyndham

Wyndham Group, the Cardiff-based property investment, motor distribution and financial services group, reported a slight increase from £3.21m to £3.41m in pre-tax profits for the year to March 31, although turnover climbed from £34.15m to £50.4m.

last year, operating profit rose to £9.32m (£5.75m).

Tax took £656,000 (£565,000) leaving earnings of 45.2p, before ar extraordinary item of \$813,000 relating to the sale of Wyndham Engineering, and

58.5p after.

A final dividend of 4p is proposed to make a total of 6p, an increase of 33 per cent. Net interest payments scared from £2.78m to £6.23m

PUBLIC WORKS LOAN BOARD RATES

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Non-quota loans B are 1 per cent higher in each case to half-yearly case A. TEqual instalments of pincipal. It Rapayment by half-yearly named to include principal and interest of the country of the cou st). § With half-yearly payments of interest only.

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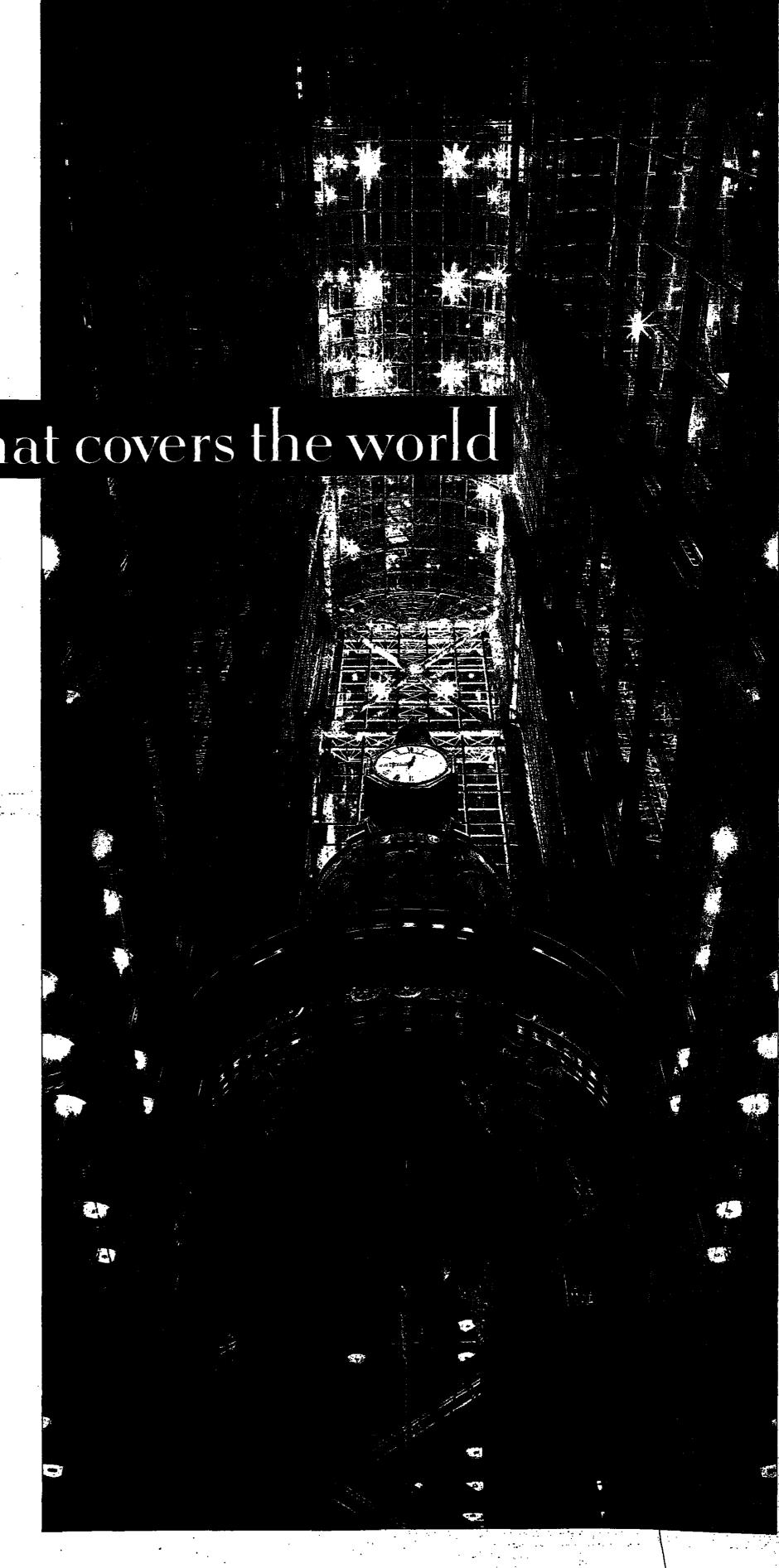


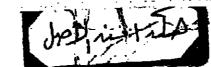
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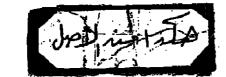
tection for risks of any size, from the simplest to the most complex.

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Wagon beats

expectations with £20.5m

WACON Industrial Holdings, the Shrepshire-based manufacturing group, is selling its office equipment business to Skandinavisk Holding, the Danish tobacco and industrial group for an initial 232.6m including repayment of inter-

company debt.
The announcement was made yesterday as Wagon unveiled better than expected results for the year to end-March. Pre-tax profits came out 34 per cent higher at \$20.5m (£15.2m), scored on turnover of £270m (£197m). The shares rose 25p to 354p.
Mr John Hudson, chief exec-

urive, said that proceeds from the office equipment sale would, eliminate Wagon's gearing and leave film in the bank. These funds would enable the company to pursue schemes for joint ventures, small acquisitions and investwagon had decided to sell

the office equipment division because it had foreseen that market would become concentrated in the hands of a few large groups, making it harder for Wagon's operation to hold its own, he said.

This operation made trading profits of £3.52m (£3.85m). Mr Hudson said these were depressed by two factors affecting Vinco, the French com-pany: costs of its sponsorship of the French winter Olympic games and opening of a Lon-

Mr Hudson said Wagon's wide product and geographical portfolio should enable it to stay on course, despite a worsening trading climate this year." Trading profits overseas accounted for 40 per cent of the

This would be in addition to

Bristol Eve Postfin



sale would eliminate gearing

the profits benefit provided by moving into an interest receivable position and a turnround under way within the automotive products division.

The best performance last year came from the materials handling and storage division with trading profits of £12.08m (8.24m). Link 51, the storage company, moved strongly ahead and Radford of Bristol manufacturer of refrigerated display cabinets, turned around from losses. La Ferretera, a Spanish company new to the division, performed above expectations.

Trading profits of automotive products moved ahead to £5.75m (£4.56m), even though Link Plastics and Edward Rose made no contribution. Wagon said remedial action had been taken at both businesses. Engineering, helped by last December's acquisition of For-kardt, a West German maker

of power chucks, made £3.8m (£2.23m). Fully diluted earnings per share stood at 35.43p (31.82p). The final dividend is lifted to

10.25p (8.75p) making 16p (14p).

4.5 11.5

Total last year

UK COMPANY NEWS

Eyes down at Mecca, the mega-debtor Rank sounds the gong on its rival's dreams. Andrew Bolger reports

Mecca Leisure's defence against a hostile £544m takeover bid from Rank Organisation is the end of a dream

Mr Michael Guthrie, Mecca's chairman and chief executive, has spent the last few years turning his company into the UK's niggest leisure-only oper-ator after leading a £95m management buy-out from Grand Metropolitan in 1985. Yesterday's news that Mr Guthrie underwent heart surgery last Thursday was the final blow to Mecca's hopes of remaining

Last week also saw the resig-nation of Mr Jeremy Long, Mecca's 37-year-old deputy chief executive and former chief executive and former finance director. Mr Long was blamed by City analysts for failing to reduce Mecca's bor-rowings following its 2750m acquisition of the much larger leasurama Group in late 1988. Mecca failed to dispose of

unwanted assets, such as London casinos, to help pay for the debt it incurred before last year's rise in interest rates. At the end of last December Mecca's gearing was stated to be 110 per cent, as against forecasts of 80 per cent made at the time of the Pleasurama acquisition. But when its ann results were announced in early April, Mecca said it had debts of £460m, giving it a gearing level of 144 per cent.

The unexpected news of Mecca's high gearing and low-er-than-expected pre-tax profits of £91.1m caused the shares to fall 30 per cent to 77p and started a general downrating of leisure sector shares by the City. It also gave Rank an opportunity to pounce at the



Michael Gifford (left), chief executive of Rani Guthrie, chairman and chief executive of Mecca beginning of June with its all-

paper offer.

Since then Mecca has put a number of assets up for sale in an attempt to raise £250m, but it admitted yesterday that it had been unable to achieve eccentable prices due to the acceptable prices due to the prevailing market conditions.

The company had amounced it was seeking up to £100m for the 16-strong Character Hotels chain and was looking for buyers for its Sweeney Todd's and Prima Pasta branded restaurant chains.

with the management of its troubled casino division for a buy-out of the four London casinos — the Connolsseur. Victoria, Gloucester and Maxim's clubs. The Victoria is London's largest casino. Ear-lier this year Mecca sold the Clermont Club, the exclusive

Stormgard up 41%

and doubles dividend

Stormgard yesterday reported

a 41 per cent rise, from £1.5m to £2.11m, in taxable profits for the year to end-March.

Provisions for withdrawal costs from textile activities,

Sales came solely from sta-

included £14.28m from textiles and garment activities.

Directors plan to double the dividend to 2p on earnings per share of 7.63p (3.19p).

(£742,000 profit).



tion, the American fruit machine casino operator, con-ditional on Gambling Board

approval The problems with Mecca's London casinos stem for the dearth of free-spending gam-blers from Middle East coun-tries in recent years, partly as a result of religious fundamen-talism and the Gulf War inhibiting "high rollers" from com-ing to the UK.

under the same short-term pressure to dispose of assets.

Earlier this year it raised \$357m by a rights issue, which took gearing to below 10 per cent. If the takeover is concluded, the combined group would have gearing of about 50 per cent, which Mr Michael Gifford, Rank's chief executive, says would be comfortable.

One possible cloud on Rank's horizon is that the Monopolies and Mergers Commission may

be concerned over the degree of concentration in the bingo market. Rank and Mecca would together control nearly 200 of the UK's 1,000 licensed clubs, but closer to 30 per cent of admissions because their

clubs are large.

Mr Gifford signalled yester-day that, in order to avoid a erral to the MMC, he would be happy to give assurances to the Office of Fair Trading regarding any disposals it might require in London where there might be judged to be too great an overlap. How-ever, he said that Mecca owned only 12 clubs within the old Greater London Council area, and he was confident that there would be no problems in

the rest of the country.

The combination of Mecca's Warner holiday centres with Rank's Butlins and Haven holidays businesses might also seem to raise competition questions. However, Mr Gifford has said that he also foresees no problems on that front, given that the Thomson takeover of Horizon was approved.

So Rank, which has long harboured ambitions to take over Mecca, seems poised to dominate what has been a highly fragmented sector. If successful, the takeover would create the UK's largest leisure company, with annual sales of more than £1.6bn and interests in virtually all out-of-home lei-sure entertainment.

Such a deal would also be a morality tale for the times, with a highly-leveraged preda-tor of the 1980s being swal-lowed by a lowly-geared and more low-profile competitor. Dreams come cheap in the City, but debts can prove very

NEWS DIGEST

Advertising decline hits BEP

BRISTOL EVENING Post, the regional newspaper company which recently caught the eye of Mr David Sullivan, the publisher of Sunday Sport, has reported a 2 per cent fall in pre-tax profits due to a decline

in advertising demand.

Mr Michael Gay, director, said the downturn had particularly affected property, employment and retail advertising. The company warned last December that trading condi-tions had become more diffi-

Profit before tax in the year to March 31 slipped to £7.91m (28.1m) on turnover ahead 9 per cent at £63.5m (£58.5m).

principally from a special Press Association dividend and the sale of Reuters and HTV Group sale of Reuters and HTV Group shares, helped profits attributable to shareholders advance nearly 86 per cent to £5.89m.

A final dividend of 7.75p (7p) was recommended, making a total of 11.5p (10.5p).

Earnings per share (excluding extraordinary items) edged ahead from 20.65p to 20.7p.

Goldsmiths' sales continue to expand

Mr Jurek Piasecki, chairman and chief executive of Goldsmiths Group told sharehold-ers at the agm that the trend of a 12 per cent increase in sales he reported at the time of the preliminary results had continned with only the north west and the south west showing slight weakness. slight weakness.
Mr Plasecki informed the meeting of the sale of properties for £140,000, as previously foreshadowed, and said Goldsmiths expected to sell soon other properties on which for £400,000.

Ensor rides difficult trading conditions

now almost completed, were taken below the line as an extraordinary deficit of £1.99m Ensor Holdings, the Cheshire-based building products sup-plier and Mercedes-Benz distionery and office supplies and amounted to £53.89m against £63.09m last time which tributor, yesterday reported taxable profits of £1.53m for the 12 months to end-March.

The group, which came to the USM last July achieved the result — an improvement of some 11 per cent on the previ-

some 11 per cent on the previ-ous year - on turnover ahead to £56.4m (£47.6m). Earnings per 10p share emerged at 10.5p (9.6p). The proposed final dividend of 2.05p makes 3.3p for the

Cranswick Mill expands to £0.92m

From turnover ahead from 258.87m to 264.64m, taxable profits of Cranswick Mill Group, the USM-quoted animal feed and pig marketing con-cern, expanded to £921,000 for

the year ended March 31 1990. compared with 2670,000. The corrent year had started ell, directors stated.

Midway profits moved ahead from £815,000 to £434,000 and the directors had then viewed prospects for the rest of the year optimistically. After the year-end tax charge of £328,000 (£238,000) earnings per 10p share were 8.8p (6.5p) while the dividend is

maintained at 5.55p with a

Amberley falls to £0.4m in first year

same-again final of 3.7p.

Taxable profits at Amberley Group, the USM-quoted provider of building preservation services, declined from £550,000 to £370,000 in the year to March 31. The company came to market in March 1989. Turnover shrank to £3.66m of sales was also down at

of sales was also down at £1.18m (£1.3m), gross profit slipped to £2.49m (£2.58m).

Selling costs were up at £843,000 (£695,000), leaving profits at the operating level behind at £296,000 (£519,000).

Earnings fell to 3.28p (5.45p) per share and the dividend for the year is a proposed 1.5p.

UK ECONOMIC INDICATORS ECONOMIC ACTIVITY- Indices of Industrial production, manufacturing output 120.4 119.5 120.2 121.4 125.1 126.2

Record Profits and Sales Disposal of Office Equipment Division

Dividends shown pence per share net except where otherwise stated. Equivalent after allowing for scrip issue. tOn capital increased by rights and/or acquisition issues. SUSM stock.

DIVIDENDS ANNOUNCED

Summary of results for the year ended 31 March 1990

		1990	1989	
Sales	up 37%	£270m	£197m	
Pre-Tax Profits	up 34%	£20.5m	£15.2m	
Dividend per share	ир 14%	16.0p	14.0p	
Earnings per share - basic	up 14%	38.41p	33.70p	
Earnings per share – fully diluted	up 11%	35.43p	31.82p	

*Since the year end agreement has been reached for the sale of the Office Equipment Division for an effective initial consideration of £28.25m to Skandinavisk Holding A/S...The quality of the Group's products and management, and the broad geographic base of the Group's markets, enable us to face these uncertain times with optimism and confidence. On present trends a further year of good progress is in prospect."

Paul D. Taylor, Chairman 27 June, 1990

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ort and Accounts may be WAGUN obtained from The Secretary, Wagon INDUSTRIAL Holdings p.L., Haldane House, Halesfield, Teltord, Shropshire TF7 4PB. Telephone: (0952) 680111.

Woodchester funding opens European expansion gates

MR CRAIG McKinney, chairman of Woodchester Investments, expects the If 100m fund-raising unveiled this week to prefigure significant European expansion by the Dublin-based leasing and

finance group.
"The new funding puts the balance-sheet in a position where we would be well-placed to realise our European ambi-tions", Mr McKinney

"Our activity is capital-intensive by its very nature. Living with a big shareholder is something we are well used Woodchester is raising the

money via an open offer to shareholders and a subscrip-tion by Crédit Lyomais that will raise the French bank's stake in the group to 45.4 per The move comes about six

months after the bank bought the remaining 29.3 per cent stake in Woodchester held by British & Commonwealth Holdings, the collapsed UK financial services group, for I£1.25 per share.

Woodchester's expansion plans had been hampered over the past 18 months by uncer-tainty surrounding the B&C shareholding, which had once stood at more than 60 per

Last August, about 32 per cent of the then issued share capital of Woodchester, which was previously held by B&C, was placed with other Wood-At that time, the 1277m deal

was the largest secondary mar-ket placing to have occurred in

Under the terms of the current proposals, Cle Rhodanienne de Gestion (CRG), a

Crédit Lyonnais subsidiary, will subscribe It91m for 45m new ordinary Woodchester shares at 201.75p per share. Meanwhile, other Woodches-ter shareholders will be asked to subscribe I£12.1m by means of a proposed underwritten pla-cing and open offer of a further

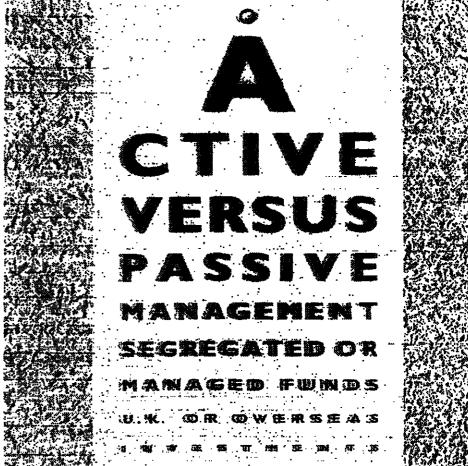
The Takeover Panel has agreed, subject to the approval of independent Woodchester shareholders, to waive Crédit

shareholders, to waive Credit Lyonnais's obligation to make a mandatory bid.

Cie Navigation Mixte, the French financial services and transport group, has agreed to take a 34 per cent stake in CRG, subject to the conditions of the subscription agreement being fulfilled or waived.

According to Woodchester, a

According to Woodchester, a Paris Stock Exchange listing will be sought "in due





United Kingdom U.S.\$4,000,000,000

Floating Rate Notes Due 1996 that, for the three month period 28th June, 1990 to 28th September, 1990, the Notes will bear interest at the rare of 81s per cent. September, 1990, the Notes will bear interest at the rare of 81s per cent. per amoun. Coupon No. 16 will therefore be payable on 28th September, per amoun. Coupon No. 16 will therefore be payable on 28th September, per amoun. Coupon No. 16 will therefore be payable on 28th September, per amount. Coupon No. 16 will therefore be payable on 28th September, per amount. One of US\$10,381,94 from Notes of US\$10,000 nominal. and US\$207.64 from Notes of US\$10,000 nominal.

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International S.A., Luxembourg all activities

including coupon payments will from 28

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The coupon nº 18 will be payable at the price of US\$ 219,22 on DECEMBER 20th, 1990, representing 183 days of Interest, covering the period as from JUNE 20th, 1990 to DECEMBER 19th, 1990 inclusive.

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DEN DANSKE BANK INTERNATIONAL S.A.

EC agrees to end border controls on farm animals

PROSPECTS FOR a genuinely single market in live animals post 1992 received a substantial boost in the early hours of yesterday morning when European Community Farm Ministers finally agreed to harmonise an important set of veterinary rules.

The issue has long been seen as one of the most sensitive of the whole EC internal market programme because of the fears in some member states notably Britain and Ireland that infectious diseases may spread via intra-Community rade across unchecked fron-

In principle - though subject to certain caveats - Minis-

ters decided that border con- into the final text, notably the trols on a range of live farm animals (as well as domesticated rabbits) should be removed by the end of 1992. The same plan was agreed last December for animal products, the idea being that checks would be carried out at the point of departure and at the point of arrival.

A key issue, however, was how to treat disease and for those with worries it was vital that the EC agree to abandon vaccination against foot and mouth disease in favour of a policy of compulsory slaughter. Safeguards for those, like Belgium and France, which con-tinue to vaccinate were built

continuation of banks of vaccine for use in emergencies, adequate third country controls, and, crucially, a Community fund of sufficient size to provide compensation for those forced in future to combat renewed animal diseases.

"Farmers must be reim bursed and must not feel they will lose out financially," a Commission official said last night. Under the compromise agreed by the Council the rate of EC reimbursement for the first three years has been set at 70 per cent of costs in the case of foot and mouth, compared with 50 per cent for other dis-

Norway's largest independent

oil company, which would

have to secure a major gas sales contract for its develop-

Since 1965 Shell has invested

in excess of NKr15bn in explo-

in excess of NATION in exporation, appraisal and development on the Norwegian continental shelf, which has led to the discovery of Troll, one of the world's higgest gas fields; the 400m-barrel Draugen oil field — which will come on stream in 1993 — and the read-

stream in 1993 - and the producing Albuskjell field. Shell estimates that during

the next five years it will invest some NKr10bn on explo-

ration and development in Nor-

way. "In deciding to proceed with a portfolio rationalisation

at this time (Norske Shell) is seeking to position itself more effectively for the next phase of development of the Norwe-gian continental shelf," the

company explained further. Shell has appointed J. Henry Schroeder Wagg as financial

adviser to assist in the co-ordination of its portfolio rational-

completion in mid-October

MPs call for more fish farming research

By David Blackwell

THE UK was yesterday urged to find more funds for res and development in the fish farming industry if it was not to continue to run "a very poor second to Norway."

The Commons Agriculture Committee, in a report on the industry published yesterday, said that, while Scotland was the world's biggest salmon producer after Norway, the difference in scale between the two countries' research operations vas dramatic. Norway spends about £21m a year, compared with the UK's £4m.

There was a clear need for the UK Government to take a lead in identifying research priorities and proposing an orderly framework within which they could be achieved, the committee said.

Introducing the report yes-terday, Mr Jerry Wiggin, chair-man of the committee, said the fish farming industry was one of the most exciting in the UK, and in only 10 years had grown to provide a significant propor-tion of the fish consumed. Output rose from 7,000 tonnes in 1980 to 45,000 tonnes in 1989.

The committee was confident that the industry could continue to expand. Allegations of dumping by Norway should be treated seriously, but no other protectionist measures were needed.

. On the vexed question of fish farm licences, the Commons report recommended that the Advisory Committee to the Crown Estate should be strengthened by giving the local authority member a veto, making the planning authorities and the Crown Estate broadly equal in the planning process. At present the Crown Estate has sole power to grant

The Scottish Salmon Growers' Association said yesterday, while welcoming most of the report's conclusions, that it was concerned over the local authority veto recommendation. Mr William Crow, chief executive of the association, said it was naive to believe that such a proposal could work for the benefit of any section of the community, and urged the Government to reject "this fudged non-compromise, since our industry is suffi-ciently regulated as it is."

The environmental impact of fish farming gave some legiti-mate grounds for concern, the Commons committee said, but it was satisfied that there were bodies empowered to monitor possible developments and that if these had adequate resources they would be able to protect the public interest. It "found pollution on a scale which would warrant a brake being applied to the industry."

Cash 1536-8 3 months 1561-2

Lead ff. per tonnel

Nickel (\$ per ton

Tin (\$ per tonne)

Cesh 8375-8 3 months 8800-2

Cash 6155-6 3 months 6270-5

Cash 494.5-5.5 3 months 496.5-7

Copper, Grade A (E per tonne)

1444-6 1422-8

1750-6 1656-8

1445-50 1417-8

1722-7 1640-2

Rare owl preys on minds of American foresters

Louise Kehoe on a row over an endangered species that is embarrassing the US Administration

Northern Spotted Owl has become the subject of a hitter environmental tussle that has pitted the US timber industry against environment groups and created an embarrassing problem for the Bush Administration.

In a decision announced last Friday, the species was declared to be "threatened" by the US Fish and Wildlife service. According to scientific reports there are only about 6,000 and they are threatened with extinction by the destruction of their habitat - the prime timber forests of the Pacific Northwest.

The service found that the

owl was threatened because

logging patterns in the region were destroying old-growth for-ests where the bird roosted, principally on lands controlled by the US Forest Service and the US Interior Department's Bureau of Land Management. The designation provides the bird and its habitat with a large measure of protection under the US Endangered Spe-cies Act. Federal agencies are prohibited from harming the owl or its habitat without first receiving permission from the Fish and Wildlife Service. The timber industry fears, however, that protection of the

owl may come at the cost of tens of thousands of jobs and the destruction of the economy

of logging towns throughout our responsibility in preserving the region.

OS Administration officials protecting the economic lives

are caught in the middle of this battle. On Tuesday, Mr. Manuel Lujan, the Interior Secretary, and Mr Clayton Yeutter, the Agriculture Secretary, announced a partial plan to protect the owls by placing new limits on harvesting of timber in Bureau of Land Manment forests in Oregon and Northern California. Mr Lujan said annual BLM

harvests in the region would drop from 950m to about 750m board feet. This will result in the loss of about 1,000 jobs, the government officials acknowledged. The restrictions are far less

severe, however, than those recommended in a report by government scientists. This called for logging reductions that would, according to the Forestry Service, cost an estimated 28,000 jobs by the end of The Administration has

delayed a decision on whether to limit logging on extensive National Forest lands which currently produce about 3.85bn board feet of timber annually. The scientists' report recom-mends that logging be reduced to between 2.3bn and 2.5bn board feet to protect the owl's

"Today we have set into

of American men and women who live and work in the region," Mr Yeutter declared. He said he will chair a new timber task force that will present to President Bush, no later than September 1, a comprehensive proposal for protecting the owl while pursuing maximum timber harvests on

Forest Service lands in the

Pacific Northwest. The cabinet secretaries also called on Congress to broaden provisions of the Endangered Species Act to provide more latitude to the cabinet-level Endangered Species Committee to consider the economic and social impact of protecting wildlife.

The committee was created by Congress in 1978 in response to the controversy over the endangered snai darter, a tiny fish that nearly blocked completion of the Tel-"We believe it is essential for

policy-makers at this level to evaluate the entire picture" of forest management in the Northwest, Mr Yeutter said. Environmentalists who had hailed the listing of the owl as a threatened species last week were not happy with the Administration response.
"We read this decision as a

The Northern Spotted Owk Only 6,000 left and habitat under threat from forestry

law, sound science and profes-sional land management," seid-Mr George Frampton, Wilder-ness Society President. Among environmental groups the Spotted Owl contro-versy has become part of the larger issue of protecting the

forests.
"We believe the listing will be a catalyst for positive changes in the timber industry and the management of our national forests and Bureau of Land Management forests changes that must transpire regardless of the status of the owl," said Ms Barbara Boyle, a representative of the Sierra Club, a major environmental

At current rates of logging, the remaining stands of old-growth forests will be gone in the next 20 years. As much as 90 per cent of the original forests of the region have already been cut, the Sierra Club main-

Norske Shell to rationalise its offshore oil interests

By Karen Fossii in Stavanger

NORSKE SHELL. Norwegian subsidiary of Anglo-Dutch Shell International, announced yesterday that at the end of July it intends to divest majority interests in 11 out of 25 of its Norwegian offshore licences in the North Sea, the Norwegian Sea and the Barents Sea preferably by means of asset

Analysts suggest that the combined cash value of the assets being offered could well exceed NKrlbn (£90m). Shell executives refuse to be drawn on the value of the package but have suggested that it probably represents the largest licence swap deal ever conducted for Norwegian offshore acreage.

"The decision to rationalise our postfolio various a strategy."

our portfolio reflects a strategy of concentrating our business in areas where we feel we can add value, particularly in relation to our core assets. We recognise that certain companies may be better placed to extract value from the licences we plan to divest. The process

expanding rapidly, resulting in less need for product imports

but in a surge of crude imports

ity, reports Reuters from Sing-

A study by the Hawaii-based

East-West Centre said China's refining throughput had risen

by an average 100,000 barrels a

day since 1986, and was expec-

b/d to reach 2.25m b/d this

as well as spare refining capac

llos," explained Mr Paul Skin-ner, Norske Shell's managing One North Sea divestment is

considered by the company to be very promising as it could be developed as a satellite to the giant Oseberg oil field - in which Shell has no sharehold-ing - operated by Norsk Hydro, Norway's largest publicly-quoted company.

In addition, while three of the licences comprise pure exploration acreage, eight of them contain oil and gas discoveries with working interests ranging from 10 per cent to 25 per cent.

One licence, in which Shell has a 20 per cent interest, con-tains part of the Froey oilfield, a small discovery with 70m barrels of oil, currently being considered for development by the Norwegian unit of Paris-based Elf Aquitaine.

Another licence, in which Shell has a 25 per cent interest, contains 80hn cu m of gas and sate. The field, called Midgard. is situated off mid-Norway and is operated by Saga Petroleum,

West Centre's David Fridley

CHINA'S OIL refineries are at 600,000 b/d in 1985, the East-

China expanding refining capacity in mid-1988, and in 1989 China imported 64,000 b/d of crude, primarily from Oman and

> In 1989; "crude exports of As part of the import programme, Sinopec (the state oil refining company) allows 488,000 b/d were down 6.4 per cent from 1988, and in the first-four months of 1990 they were refineries to process imported down to 405,000 b/d, a 2.8 per cent fall from the same period crude for re-export of products in order to maintain high in 1989. In the past, China imported utilisation rates," Mr Fridley

> imported and exported crude and products mainly because to balance trade with certain countries, primarily Iran. Regular imports began only of revenue needs.

Spare the pest-killer and kill the pest

David Sparks on Caribbean efforts to reduce the need for pesticides from first to third world coun-

AN THE resistance of insects to pesticides

itself be used to help in pest control? Mr Ian Gibbs of the Barbados unit of the Carib-bean Agricultural Research and Development Institute (Cardi) is trying this approach to the control of the diamondbacked moth, whose caterpillars ruin many farmers' cab-bage crops in Barbados and elsewhere in the Caribbean.

The moth can quickly develop resistance to pesti-cides, but so can two insects which prey on it. Mr Gibbs is trying to breed and select strains of these insects which are pesticide immune and will survive when the young cab-bages are sprayed. They, will continue to attack moth eggs or caterpillars, reducing the

need to spray again.

This is painstaking work, because it involves tests with the wide range of pesticides which farmers use. ble in Barbados, attracting a bigh price, and it can be har-vested only ten weeks after

1451/1448 142**8**/1421

1785/1750

(Prices supplied by Amalga

planting out. This means that, at least in theory, five crops can be grown in a year, ideal for a farmer without much land. But over a third of farm-ers surveyed by Cardi had lost the bulk of their crop to the

"The diamond-backed moth is one of the most ravaging insect pests of cabbage you will find," says Mr Gerald Proverbs, Cardi's Barbados representative.
Unless farmers use inte-

grated pest management, you find them relying more on pes-ticides. Because of the moth's ability to develop resistance ability to develop resistance relatively quickly, you find farmers using a mixture of pesticides or not spraying at the recommended rates. Often they have to spray between the recommended times.

"They are attempting to meet the demand of the market for perfect cabbages, free from perforations caused by moth larvae and free from little

1,744 lots

2,549 lots

1.735 lots

Total deliv turnover 78.822

tries, saying a good cabbage must have no blemish. I per-sonally won't eat a cabbage unless it has a few perfora-tions, because I am very wary about the frequency at which the cabbage has been sprayed and whether the farmer has respected the withdrawal time between the last spraying and harvesting."

Integrated pest management, reducing the need to spray, involves picking off the odd caterpillar, not leaving damaged leaves at the plot side and keeping the plot free from weeds on which the caterpillar cleat the state.

Cardi is trying to put new ideas and new heart into Barbadian farming at a time when the misfortunes of the sugar growers have hit morale and a major pig producer has closed his business. There has also been a rash of crop theft. One new idea is the mini-set-

roach adopted from such stations in Colombia approach adopted and Nigeria which produces

many more plants than tradi-tional methods and thus allows rapid introduction of, perhaps, ase resistant strain. Mr Proverbs comments: "A typical yam of 4 lb would give you 12 to 15 plants. But if you use mini-setting, you can get approximately 60 pieces, which you put in a moist medium to

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Mary Mr

With cassava, "you put a two-node cutting, three to four inches long, in damp sand. It sends up shoots which you root in water.

Before, the standard procedure was to use a cassava stick about nine inches long, from which you would get one plant. Today from that you can get 50

Cardi uses workshops, farm visits and the local media to spread new ideas. Visits are also sponsored by the Barbados Society for Technologists in Agriculture. One was to see how sheep perform on a ration cane waste), dry poultry litter and molasses, held together

WORLD COMMODITIES PRICES

COCOA prices closed up sharply in London yesterday following market talk that 1990-91 crop rospects in West Africa may not be as good as was thought a few

MARKET REPORT

weeks ago. Ghana is expected to have a smaller crop than last year, whereas previous forecasts ndicated a crop little changed to slightly larger. Renewed tension sentiment, aithough New York known regarding any possible troubles in the world's largest on the market could be assessed New York cocoa prices were holding gains at midsession. The

London Markets SPOT MARKETS

Crude of (per barrel FQB

na be si)

Dubel	\$13.52-3.574	- 205
Brent Blend	\$15.88-5.92v	
W.T.I. (1 pm est)	\$16.88-6.90v	
	* 10-00-07(1)	7 -WE
Qli products		
(NWE prompt delivery per b	onne CIF)	+ or
Premium Gascline	\$222-224	
Gas Oil	\$147-148	
Heavy Fuel Oll	S60-61	-1
Nachtha	\$142-144	+1
Petroleum Argus Estimates		
Other		+ or
Gold (per tray oz)	\$350.00	+0.25
Silver (per troy oz)	483c	+4
Platinum (per troy 0z)	\$478.75	-1.6 -0.1
Palladium (per troy oz)	\$112.7\$	
Aluminium (free market)	\$1535	+ 20
Copper (US Producer)	113.00c	+ 1.25
Lead (US Producer)	45c	
Nickel (free market)	395c	-10
Tin (Kusta Lumpur market)		
Tin (New York)	257c	-1
Zinc (US Prime Western)	87c	
Cattle (live weight)†	103,490	-1.54°
Sheep (dead weight)†	147.919	-1.48°
Ples (live weight)†	102.07p	-3.85
London daliy sugar (raw)	\$309.6t	+ 1.2
London daily sugar (white)		+25
Tate and Lyle export price	£289.5	-0.5
Barley (English feed)	£114w	
Maize (US No. 3 yellow)	£158	
Wheat (US Dark Northern)	£120	
		
Rubber (Aug) 🎔	54.25p	-0.5
Rubber (Sep)♥	54.75p	-0.5
Rubber (KL ASS No 1 Jul)	233,0m	+0.5
Coconut oil (Philippines)§	\$295.01	-12.5
Palm Oil (Malaysian)§	\$275g	144
Copre (Philippines)§	\$195w	-20.0
	£158.5	-200
Soyabeans (US)	91.05c	-2.00 -0.15
Cotton "A" Index	A 1 TIEC	-U. 15

£ a ton

release overnight of a bullishly interpreted USDA forecast for the 1990-91 sugar crop (production at 107.2m tonnes, 2.3m below consumption) lifted both New York and London sugar prices in early trading, although technical barriers kept the New York advance checked. On the LME reflecting increasing concern Mine and fears that unrest in

copper prices were steady, a possible strike at Asarco's Ray Zambia could spread to the copperbeit. Nickel remained under pressure - analysts say three-month metal is likely to retreat to support at \$8,500.

Co	mplied	from Re	uters
SUGA	t - Lond	on FOX	(\$ per tona
Reve	Close	Previous	High/Low
Aug	283.60	279.60	284.00 277.60
Oct Dec	280.00 285.00	275.40 270.00	282.00 276.40 285.00 275.00
Mar	270,40	267.20	272.40 269.00
May	289.40	268.80	270.00 288.60
Aug	270.00	267.00	269.60
Oct	267.00	254.00	265.00
White	Close	Previous	High/Low
Aug	381.0	385.5	391.5 585.0
Oct	362.0	357.5 353.0	362.5 355.5 357.5 362.5
Dec	357.0 362.0	348.0	352.5 345.0
May	349.5	348.0	350.5 348.0
Aug	348.0	345.5	348.0 348.0
Turney	er: Raw 2	895 (866) lot	s of 50 tonnes.
White 1	536 (711)		
			Aug 2140, Oct 20
Dec 18	90, Mar 18	965, May 19	160
ÇRUDI	COIL - E	PE	\$/berr
	Later	st Previo	ue High/Low
Aug	15.92		16.12 15.79
Sep IPE Ind	16.30 ax 16.11		16.38 16.20
	ar: 10124	(6743)	
GAS Q	il - IPE		\$/tons
	Latest	Previous	High/Low
Jul	145.75	145.75	145.75 144.00
Aug	146.00	148.00	145.75 144.00
Sop	148.00	148.25	148.00 148.25
Oct Nov	151.50 153.75	151.75 153.75	151.50 150.00 153.25 152.00
Dec	155.75	155.75	155.25 154.00
Jan	156.00	156.00	155.50 154.00
Feb	153.50	152.50	154.50 153.00
Mar	148.00	149.00	148.00 148.75
Turnova	or 6284 (6	423)lots of	100 tonnes
	, and 10		
MOO			
r Trial L		MARKET OF SI	
			etratian sales in
the 19	189-91 seli	ing season.	The AWC is still

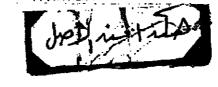
ut oii (Philippines)§ Dii (Malaysian)§ (Philippines)§ eans (US) "A" index ps (64s Super)	\$295.0t \$275q \$195w \$156.5 91.05c 482p	-12.5 20.0 2.00 -0.15	WOOS. This is the final week of Australian sales in the 1989-91 selling season. The AWC is still having to buy in about 50% at its recently reduced floor price. The outlook is not good for the next few
ne unless otherwis lib. r-ringgit/kg, q- Jun/Jul. w-Aug z-A ssion average fatet week ago. **PLond	Jul. 1-Jul/A ug/Sep y-5 ock prices. ton physic	ug. u-Oct/ Sep. †Meat , * change al market.	weeks either, with holidays in Europe bringing activity practically to a standsill. There is little sign that all-important deman from state trading countries is likely to revive for a long time yet. Bradford prices quoted for tops are 480p per kg, for 64s super, 300p for 58s average and 270p for 50s carded.

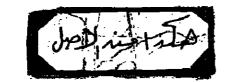
COCO	. – ட			
	Close	Previous	High/Low	
اول	772	747	772 756	
Sep	796	773	797 783	
Dec	823	802	823 5 12	
Mer	850	831	851 841	
Mey	869	849	870 961	
Jul	890	867	890 884	
Sep	908	884	900 906	
		5423) lots o		
			s per tonne). De	
			.13) 10 day avers	۲
107 JUN	27 1822 18	£ (981,68)		
		den POX	£/tor	
				•
	II – Loo	don POX		•
COFFI	E – Los Ciose	don POX Previous	High/Low	•
COFFE	E - Los Ciose 509	don POX Previous 557 560 589	High/Low 584 550	_
Jul Sep Nov Jen	Close 569 562 802 618	don POX Previous 557 560 569 615	High/Low 584 560 687 571 606 581 620 610	*
Jul Sep Nov Jan Mar	Close 569 562 602 618 634	don POX Previous 557 560 569 616 637	High/Low 564 550 687 571 606 581 620 610 639 632	•
Jul Sep Nov Jen	Close 569 562 802 618	don POX Previous 557 560 569 615	High/Low 584 560 687 571 606 581 620 610	•
Jul Sep Nov Jen Mer May	Close 569 562 802 618 634 650	free POX Previous 557 560 569 618 631 648	High/Low 564 550 567 571 605 591 626 610 639 632 850 649	•
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July Sep Nov Jan Mar May turnove ICO In June 20	Close 569 562 802 618 634 650 er: 6161 (5	don POX. Previous 557 560 599 616 631 648 625) lots of lose (US or daily 67.36 (US or dai	High/Low 584 580 587 571 608 581 620 610 630 628 650 649 6 tonnes	•

June 26	licator pr : Comp. 98 (70.34)	daily 67.36	ents per pound) for (67,92). 15 day aver-					
•	30 (70.27) OES — I		£/tonne					
- CIAI	Close	Previous	High/Low	LONDON B	JILLION I	HANKE	t	
Nov	186.0	188.5	186.5 186.0	Gold (fine oz	\$ price		£ equh	ralent
Арг	116.5	120.5	121.5 116.0	Close	3494-5		20012-4	
May	131.0	138.0	130.0 129.1	Opening Morning fix	350.30 350.30	50-4	200-%-2	
Turnove	ir 209 (32	T) lots of 4	0 tonnes.	Atternoon for Day's high Day's low			200,773	
SOYAE	tan me	AL - BPE	£/tonne					
	Close	Previous	High/Low	Coins	\$ price		£ equh	
Aug	113.00	113.00	113.00	Mapisleaf Britannia	357-362		2043,-2	
Oct	115.00	116.00	115.00	US Engle	357-362 357-382		2043 ₄₋₂	
Dec	122.00	123.00	122.00	Angel	357-362		2041	
Turnov	r 79 (44)	lots of 20	onnes.	Krugerrand	349-352		200-202	2
				New Sov. Old Sov.	82-84		47-48	
				Nobie Plat	82-84 484.85-4	92.90	47-48 ¹ 4 278.10-1	
PHE PE		NES - BF	\$ \$10/Index point				E(CIO	
	Close	Previous	High/Low	Silver fix	příne o	2 ·	US cts	equiv
Jul Oct	1013 1085	1010	1012 997	Spot	275.85		451.10	
Jan	1118	1104 1125	7095 1085 1112 1110	3 months	285.85		490.90	
Apr	1128	1135	1115 1115	6 months 12 months	298.25 315.90		501,25 522,45	
88	1128	1144			919390		322.40	
Turnove	r 292 (38	2)		TRADIED OF	TONS		•	
	-	•		Aforninkum (9	9.7%)	Calls		Puts
ORANI:	S — BFE	-	£/tonne	Strike price \$	tonne J	uly Se	ρ July	_ 6 e
Wheet	Close	Previous	Hot/Low	1450 7550	.9			9
Seo	113.00	112.20	113.00 112.90	1850	1		17 104	40 10
Nov .	117.10	116.05	117.10 116.50			- 17	::::	
Jen	121.10	120.10	121.10 120.75	Copper (Grad	7 A)	Calls		Puts
Mer	124.80	123.65	124,25	2400		13 10		47
May	126.00	126.60	127.50	2500 2600	3		18	96
Barley	Close	Previous.	High/Low		_ 2	23	69	18
Sep	111,15	110.90	111.00	Colleg	8	ep No	v Sep	No
Nav	115.45	115.30	115.35	550	4	7 73	16	21
			Berley 8 (20).	600	2		40	42
Turnove	r lots of	100 tonnes.		650	8	26	77	74
				Cocos	\$	ep De	ĉ Seo	De
P106	855		esh Settlement) p/kg	750	6	2 102		- 13
				800	8	33	39	74
	Close	Previous	High/Low	850	14	56	73	-84
Aug Nov	122.5 119.0	122.5	122.5 118.0	Brent Crude	A	ug Se	p Aug	Se
				1600		J	40	
	r 12 (31)			1630	15	45	74	82
lots of 3				1700	•	28		23

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4	20012-2	01			oz.; ¥troy		
•	200-4-2	50T.44	. —	Close .	Previous 360.4	High/Lo	· 950
_	200,773		Jun Jul	351.4 °	350.6	6	. 0
4	٠.		Aug	358.2	∯ 362.9	354.0 °. 358.3	352
			Dec .	357.5 361.9	357.9 361.7	362.8	361
	2 equiv		Feb	385.4	** 386.2 370.6	357.5 371.5	300
	2043 ₄ -2		Apr. Jun	370.8 : 375.4	375.2	376.4	∴37€
	20474-2	073	Aug	300.0	379.7	0	. 0
	204 ¹ 4-2 200-202					·. :•	٠
	47-48 \ 47-48 \						
30	278.10		PLAT	TRUM 50	troy as: 8/b	oy cz.	. · ·
	110			Ciose	Previous	High/Lo	<u> </u>
	US cts	edita.	- 34	482.0	490.0	485.0	479
-	451.10 490.90		· Oct ··		- 485.7 : 491,4	488.6 493.5	401
	501.25				7		
	522.45			• • • • • • • • • • • • • • • • • • • •	· · <u>· · .</u>	. <u></u> `	
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ialls.		Puts			. Previous	High/Lo	,
Se	o July	, Sep	Jun .	4724	482.0	0 ,	0_
118		9	_ jpj	478.5	482.5 485.4	485.5 0	. 479 • 0
51	17	40	Aug Seo	483,4 487,5	400.5	483.5	457
16	104	102	_ Dec	408.5	501.5	504.5 505.5	496
حاله		Puts	Jen Mar	601.7 508.0	504.7 512.0	513.0	508
101 52	1 . 18	47 98	May	516.2	519.3	519.5	0
23	69	185 ·	Jul Sep	583.7 531.6	526.7 534.6	628.0 686.0	· 627.
			. ~	20120			. •.
No		Nov	•		٠.		
73 44	16 40	21 ·	HOH	GRADE C	OFFER 25,0	100 lbs; cu	nta/lbr
26	77	74 ·		Close	Previous	High/Loy	
Dec	: Sep	Dec	Jun	110.35	108.55	110.35	100
105		. 13	, Juli	110.00	108.35	110.20	108
39	39	74	Aug	108.30	107.60	108.50	. 108.
58	73	-84	Sep Oct	108.00 106.75	106.85 106.75	106.70 106.75	107. Q
Sec	Aug	Sep	Nov	205.00	104,75	D	Ó
	40		- Dec	104.30 108.15	103.60 102.45	104.30 0	103. 0 ,
45		62	Mar	100.80	100.10	100.65	100.
26		23	Apr	100.25	29.80	0	0

<u> </u>		<u> </u>				-			
CRUE	E Off (L	ght) 42,000			_ CH	icag	jo		•
	16.77	Previous			SOYA	BEANS 5,	006 bu min; e	cents/60% b	ushel
Aug Sep	16.77 17.52	17.14 17.81	:17.07 17.75	16.75 17.45		Close	Previous	High/Low	
)ci	18.11	18.29	18.23	18.06	Jul	606/0	606/0	615/0	40-7
Ф.	19.07	19.15	19.10	19.07	AUG	615/2	614/4	622/4	607/
er Pr	19.22 19.27	19.26 19.35	19.22 . 19.27	19.16 . 0	- Sep	622/0	621/6	628/ 0	622/
_					Nov Jen	632/2	631/2	639/4	631/
AT		12,000 US g			- Mer	644/2 654/4	· 642/6 653/0	650/G 661/D	6448 654/
٠	<u>Leinst</u>	- Previous	HġlVL	THE STATE OF THE S	May	864/0	683/4	670/0	684
4 ,	4800	4840	4890	4780	-Jul	670/0	888/4	676/D .	870/
p ·	4830 4970	4886 · 5022	4880 4886	4810 4950	_ Aug.	669/0	686/0		
۲.	5115	6146 ·	5140	5085	SUYA		. 60,000 Eba;		
W	5241	5261 5194	5250 5200	5220		Close	Previous	High/Low	
er. Pr	5200 5030	5194 5084	5000 5000	5180 5020	Jul	24.02 .	24.06	24.22	23.9
<u> </u>		:			Aug Sep	23.93 23.85	23.94 23.81	24.12 24.08	23.6
٠.					Oct	23.72	23.65	24.05 28.96	23.80 23.70
CO	MA 10 ton	ner;\$/lonne			Deo	25.61	23.52	28.80	23.5
•	* Close	Previous	High/Lo)#V	- Jan Mar	23.47 23.30	23.35 23.20	23,62	23.4
đ	1222	1228	1248	1222	- May	23.30 23.12	23.20 23.15	23.60 23.45	23.3 23.1
IP.	1240	1244	1274	1235		BEAN ME			
ec .	1275	1277	1305	1278					
	1304 1326	1300 1320	1333 1344	1304	·	Ciose	Previous	High/Low	
4	1346	1345	1365	1365	ابال Aug	177.2 179.2	176.9 120.7	178.4	176
P.	1366	.1369	1395	• 0	Sep	181.1	178.7 . 180.5	180.3 182.5	179. 180.
OFF	#E *C* 8	7,500lbs; ce	nte/lbs		Oct .	182.9	182.5	184.3	182
••	Close ·	Previous	High/Lo		- Dec .	186.8 188.5	186.2	188.6	186.
.	85.70	84.80	86.70	84.25	Mar	181.5	187.5 190.6	189.5 192.0	188. 191.
P.	88.35	87.55	80.20	87.10	May	192.0	191.5	194.0	192.
e í	91.45	90.70	92.25	90.60	-Jul	193.5	193.1	198.0	193.
r .	94.25	93.25 95.25 : 4	95.00 . 97.00 .	93.45 98.00	HAZZ	5,000 bu	min; cents/5	61b bushel	
٠.	96.00	97.15	98.00	•		Close	Previous	High/Low	
b.	98.90	99.15	0	0,	Jui	287/0	285/6	290/0	2564
		٠.			Sep.	284/4	263/6	209/0	254/
-	- m	h total	·-		Dec .	263/6 280/6	283/0 290/0	288/6 295/0	283/
_		112,0			May	295/2	295/2	299/4	290/ 295/
<u>.</u>	Close	Previous	High/Lo		. Јиј - Sep	297/2 282/0	297/6	301/4	297A
ŧ	12.66 12.51	12.56 12.27	12.70	12.45	Dec	268/Q	251/4 258/0	283/4 271/4	202/
U .	12.15	11.95	12.65 12.28	12.42 12.13			i min; cente/		
7	12.13	11.91	12.25	12.13		Ciose	Previous		 -
t	12.11 - 12.05	.11.85 : 11.85	12.19 12.07	12.11	Jan 1			High/Low	
-					_Jul Sep	333/2 357/4	334/0 337/6	335/4 340/0	333/(
_					Sep Dec	851/4	352/Q ·	353/6	337/2 351/2
116		; cents/lbs		1.7	Mer Lley	357/6 352/4	358/2	359/4	357/(
	Close	Previous	High/Lo	w : -	. 34	347/4	353/4 347/0	365/4 · 8	352/4
	87.20	86.31	87.50	88.80	:—		<u> </u>	=	C
t e .	77.80 73.95	76.16 74.25	78.35 74.45	77.65 73.70	LINE	ATTLE 40	,000 lbs; cen	ts/lbs	٠. ٠
	74.73	75.05	74.45 75.18	74.55	, 	Close	Prévious	High/Low	
.	70,25	70.00	ō .	. 0	Aug	73.15	· 73.00	73.32	70
		-	•	÷	Oct	75.25	75.05	75.42	72.86 74.80
	<u> </u>				- Dec Feb	74.67	74.72	75.00	74.5
AN	HE JUNCE	16,000 lbs;	cents/ibs	1 i. i	Apr	74,82 · 75.87	74.40 · 75.50	74.75	74.3
	Cicse	Previous	High/Lo	₩ .	Aun	72.85	72.02	75.75 72.89	76.60 73.00
•	182.25	183.00	184.40 .	180.40		005 30.0			72.85
٠.	165.20	168.50	168,00	165.00					
	160.05 156.75	162.80 -	162.50	180.00		Close	Previous	High/Low	•
	150.75	180. (g 159.60	165.00	166.75 4	Jul .	60.77	60.45	60.92	60.90
		- 	· · · ·	4.00	Out :	56.92 52.90	-58.62.	59.25	58,68
					Dec	51,82	62.55 51.85	53.27 52.20	SQ.82
			1		Feb	49.40	49.07	49.45	. 51 <u>.67</u> 49.00
		e: Septemb		N - 1000	Apr	46.05	46.00	46.95	45.80
1			_ _ _		den . Jul	49.25	49.25	49.80	49.25
٠	- Jun 22	7 Jun 26	way et	0 yr 200		49.12	49.07	49.12	0 .
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111.	JOHES (Baset Dec. S	31 1974 -	100)	:	Close	·· Previous	High/Low	
_	Jun 2			70 yr ago	افتان	58.15	57.15	59,15	57.36
-	72.				Aug . Feb	58.30	56.35	58,35	60.35
	.	131.29		•	Mer.	56.65 ' 56.20	56.22 54.92	57.05	56 , 15
=	<u> </u>				May	56.72	56.30	56.75 58.90	54.85 54.85





FINANCIAL TIMES THURSDAY JUNE 28 1990 ads

LONDON STOCK EXCHANGE

Burton does nothing to ease the pain

leading UK clothing retailer completed the misery yesterday for a UK stock market already suffering from the absence of technical support from the futures market. ow sees the expiry of

the FT-SE June contract, which resterday continued to shed its premium against the underlying index A fall in equiles of more than 20 Footsio points was extended in late afternoon when store shares weakened after Burton Group disclosed that sales had deteri-

Equities rallied in the clos-ing moments of the session as Wall Street reversed an open-

Account	t Dealing	Dates
- Jun 11	Jun 25	Jul 9
Option Declared	otes; Jul 5	Jul 19
un 22	ीर्घ ह	Jul 20
Account Days	Jul 16	Jul 30
8.30 tax two bus	de may take here days a	piece from Hier,

ing fall to show a net rise of 8.1? on the Dow as London closed for the day. UK equity strategists were cautious on President Bush's apparent shift of stance on US taxes.

Share prices opened lower, discouraged by a dip in ster-ling which was soon transmit-ted to the gilt-edged market,

where prices were half a point off by mid-session. Although turnover across the full range of equities remained fairly light, there were some active features where downgradings drove share prices lower. Natwest ran into sellers in the wake of the latest profits down-gradings and Burton were hard gradings and Burton were hard hit after the board's warning. At worst, the market was more than 30 points off, with a small (220m) sell programme in the leaders helping to depress the picture. But the final rally left the FT-SE Index with a closing reading of 2,373.5, a net 26.3 down. Seaq volume fell from 461.2m shares on Tuesday to 380m yesterday, indicating

to 389m yesterday, indicating

of positions ahead of the contract's expiry on Friday.

The response to yesterday's statement from Burton highlighted the market's concern over corporate profits. Equities have seemed to pay little head over the past two months to changes in corporate profits forecasts by leading securities houses (See Chart, based on BZW list of profits upgradings/downgradings). After falling away sharply relative to upgradings earlier this year, profit downgradings climbed of positions ahead of the con-

tions are still unwilling to sell

stock. A large £18m trade in the Footsie June future

reflected the final unwinding

mid-May as corporate yearstatements brought a round of more pessimistic forecasts for profits across the broad range of the market.

The downgrades/upgrades ratio stabilised in June, although this week has brought new downgradings of profits at some leading compa-nies. The banking sector has suffered further down-ratings, and a cut in forecasts for ICI profits by S.G. Warburg, broker to the blue chip chemical company, and also by Houre Govett, have been accompan-ied by a fall of more than 2 per cent in the share price this

said Costain's share price "has run far enough on the back of

prospects for the group's coal interests in the US and UK."

There was no let-up in the run of dismal profits figures from the housebuilding sector.

FINANCIAL TIMES STOCK INDICES High High 127.4 49,18 (28/11/47) (3/1/75) 2103.4 2463.7 988.9 (30/4) (3/1/90) (23/7/84) Ord, Div. Yield Basis 100 Govt. Secs. 15/10/28, Fixed Int. 1928. Earning Yid %(full) P/E Ratio(Nat)(\$) 10.75 11.27 10.67 11.35 10.69 Ordinary 1/7/35, Gold mines 12/9/35. Basis 1000 FT-SE 100 31/12/63. \$2 NH 11.14 11.42 SEAC Barges 4.45pm Equity Turnover(£m)† Equity Bergains† Shares Traded (mi)† GILT EDGED ACTIVITY June 25 June 25 Ordinary Share Index, Hourty changes 5-Day average Day's Low 1898.5 Day's High 2384.1 Day's Low 2389.1 Open 8 am 10 am 11 am 12 pm 1 pm 2 pm 3 pm 4 pm 2392.4 2386.0 2389.8 2380.4 2379.8 2380.2 2379.2 2377.8 2369.2 Share index: Tel. 0898 123001. TRADING VOLUME IN MAJOR STOCKS

Warning from the High St

A PROFITS warning from Burton late in the session triggered busy selling and a sharp fall in the shares. The com-pany said that sales had deteri-orated in recent months.

Burton has been one of those companies that never surprised us." said Mr Paul Aynaley at County NatWest WoodMac, a long-standing seller of the stock. He cut his forecast for the current year from £200m to £175m, but said there was little detailed infor- mation available from the company, especially concerning Burton's property and finan-

Burton's property and financial services activities.

Similar uncertainty over the fortunes of Burton's non-retailing operations led Goldman Sachs to cut its current year forecast from £200m to £150m yesterday. Mr Keith Wills at Goldman said the dividend would probably be maintained.

He was a seller down to £25p, when the yield would be 10 per when the yield would be 10 per

> above the day's low at 149p, a net 15 down from the previous night's close. Trading volume was a high 8.4m shares.

US duty worries Grand Metropolitan and

Allied Lyons were hit by fears that US excise duties would be increased following President George Bush's decision to raise non-income taxes.

Analysts were agreed that the effect on London stocks was largely sentiment. Mr John Wakeley at Shearson Lehman Hutton said the news was not negative in the long run, but that in the short term it would distort the level of drinks shipments in the US as wholesalers placed orders ahead of duty increases, 1990 would look better than expec-ted as a result, he said, and 1991 correspondingly worse. Mr Neill Junor at County NatWest WoodMac said US excise changes were based on the volume of alcohol and

would thus have most impact on the prices of wines and beers, in which the involvement of UK companies is small. After that, budget spirits would show changes more than premium brands which did not harm spirits suppliers' plans to encourage cus-tomers to trade up to higher margin products.

Charage

Mr Wakeley followed a similar line of reasoning, adding that high duty regimes have in the past tended to produce stronger companies. He cited the example of Southern

Downgrades relative to Upgrades Profits over 400m 25

Europe, where low drinks taxes combine with low profile domestic producers.

BICC move

and will increase this to 39 per cent. A 25 per cent interest in GEGC is to be floated on the GEGC is to be floated on the Spanish stock market in 1992. BICC acquired its original stake in January last year as part of a management buyout of the Spanish group.

BICC accompanied the rights issue news with a forecast increase in its interim dividend to 60 compared with the 5.750 to 6p, compared with the 5.75p for the same period last year. The group said its cables busi-

UK housing and property businesses are still being affected by high interest rates.

BICC shares initially held up well in response to the news, but later fell in line with the

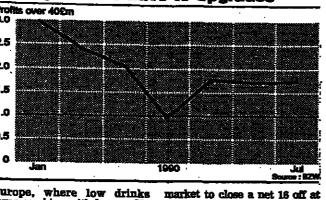
GrandMet fell 21 at one point before closing a net 16 off at 644p. Allied dropped to 495p but picked up to close at 501p for a decline of 9 on the day.

The exception to the gloom was Scottish & Newcastle, which climbed 8 to 345p ahead of finals on July 2.

The market was surprised by the news that BICC, the cables and construction group, is launching a £177m underwritten rights issue of 10.75 per cent convertible bonds, convertible in 2,020. Terms of the issue are 13 bonds at 100p each for every 20 BICC shares held. The money will be used to help finance an increase in the company's stake in Grupo Espanol General Cable (GEGC), the Spanish cable man-ufacturer. BICC currently has a 20 per cent holding in GEGC

neases were making good prog-ress, especially in Europe, its UK contracting and engineering divisions enjoyed strong order books; on a more can-tionary note, it said that the

BREWERR (1) SULDINGS (2) CHEMICALS (2) STORES (2) ELECTRICALS (2) ENGREE (3) ELECTRICALS (2) ENGREEPING (5) MOUSTIMALS (20) AS, Alexandra Workmar, Alla Lemi AB "B", American Businsts Systems, Capero Inda, Cornwell Parker "A", Eurocopy, Expanyol Ind., Hundielch, Januarican (7)



market to close a net 16 off at 442p on turnover of 1.3m. The reportedly imminent rul-ing by the European Commis-sion ordering British Aerospace to repay £44.4m of illegal subsidies used to sweeten the UK Government sale of the Rover car group made little impact during market hours. BAe, whose shares followed the overall market trend yes-

terday, closed 6 down at 544p.
Alumase clouded over as Glynwed International was obliged to allow its offer for the company to lapse following referral earlier this mouth of the proposed acquisition to the Monopolies and Mergers Commission. Glynwed had received acceptances in respect of 98.43 acceptances in respect of 98.43 per cent of Alumasc, which closed 5 lower at 238p.

Glynwed remained at 286p. Telfos celebrated its first major rolling stock order from British Rail with a rise of 6 to 226p. The company will supply 37 three-class 323 advanced electric trains, with deliveries seeduled to start in April 1892, and it has an option to supply up to 14 additional three-car The hearish sentiment hov-

ering over Davy Corporation showed no sign of lifting and the shares ended 10 lower at 206p. Several security houses have turned negative, some issuing sell recommendations, since announcement last week of the group's annual results. Slebe went into reverse and shed 9 to 511p, more with the general market than on adverse thoughts over the planned acquisition of Fox-boro, of the US.

boro, of the US.

Rothmans International slipped to the day's low of 745p just ahead of the announcement of the company's full year figures. The stock staged a steady rally for the rest of the session to end just 2 off on NEW HIGHS AND LOWS FOR 1990

AMENICANS (13) CANADAM P. A. TOMBA (1) METERS (1) QUEDION C. 2) STOKES (1) ELECTRICALS (8) EMISSECTION (1) ROUSTRIALS (7) Other Heal, Lincal, Lin-HOUSE, Magnethy, Partition, Sale Timey, Stormgard, MANGHANGE (2) LEBRIDE (4) MOTORS (1) MENERAPPERS (2) PAPERS

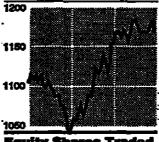
balance at 754p. Mr William de Winter of Hoare Govett said the profit of £406m, compared with £327m, was better than expected. He edged his forecast for the current year £5m higher to £455m and reiterated

his buy recommendation.

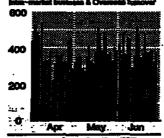
Mecca Leisure's recommendation of the bid from Rank Organisation caught analysts and traders unawares. Mr Roy Owens of Smith New Court and the statement of the deal Owens of Smith New Court said that at this price the deal was good for Rank. "The only way the bid will not go ahead is if the OFT refers it. This is possible but unlikely." Mecca climbed 4% to 88%p, while Rank slipped 3 to 861p.

Packaging maker and distributor Bunzl fell 5 to 85p as Ms Chris Munro at Hoare Govett cut her profit forecast for

ett cut her profit forecast for the current year from 271m to 267m. She said the company was suffering from weak prices in the US and difficult con-FT-A Ali-Share Index



Equity Shares Traded Turnover by volume (million)



sumer markets in the UK. Banks continued to suffer from the list of profits downgrades in recent weeks. Nat-West and Barclays bore the brunt of the selling. NatWest dropped 13 more to 325p with turnover reaching 8.8m shares, the highest for some considerable time. Barclays dipped 8 to

404p on 5m. Legal & General added 9 at 428p due to a stock shortage, while General Accident were prominent in composites, mov-ing up 14 to 1137p ahead of the expected share split.
Costain was a notable weak
spot in the building sector as

Hoare Govett, the company's broker, lowered its profits estibroker, lowered its profits esti-mates for the group.

Ms Krystyna Brzeskwinski,
Hoare's contruction and con-tracting specialist, cut her expectation of current year pre-tax profits by £8m to £68m and that for next year from £89m to £82m. Ms Brzeskwinski

Among those reporting yester-day, Crest Nicholson revealed an interim pre-tax loss of £572,000, against a profit of £20,23m achieved in the same period last year. Dealers pointed out that poor results had been foreshadowed in the annual report, but the shares nevertheless retreated to close a net 9 down at 144p. Forecasts for the full year have been revised downwards from Berkeley Group's preliminary figures were in a similar vein to Crest's, with pre-tax profits sliding from £22.1m to 2304,000. The company said it was bracing itself for another difficult year. The shares, howsed on trigging volume for Proof Alpha securities dealt through the SEAC system yealerday until 4.30pm

ever, performed well, edging up 3 to 185p, boosted by some determined support from Midlands-based engineering group, responded strongly to County NatWest. County NatWest.

Mr Angus Phaure, County's buildings guru and a big fan of Berkeley, said in a note on Berkeley labelled "Pile in" that the company is "unique in that it is virtually the only DK housebuilder which has now sold almost all the stock (ie land and houses) it owned sharply higher annual profits and the sale of its office equipment business to Skandinav-isk, of Denmark, for \$28.25m. The proceeds will wipe out Wagon's debt and give it cash in the bank, news which swept soid aimost all the stock (le land and houses) it owned when the market turned in 1988." He added that "in July it will be hardly borrowed at all despite spending £20m on land in the last few months." He forecast that Berkeley's profits "will rise to £5m £20m and after a high of 365p. Wheway, which received recent favourable mention, were 6 stronger at 87p. "Inqui-ries are plentiful but business is minimal," explained a dealer who blamed stock shortages for the movement. Awaiting today's preliminary statement, "will rise to £5m, £20m and £30m in the years ending April 1991, 1992 and 1993 respec-tively. He added: "The share price could be in excess of 500p in 1992 — buy." Tex Group improved 3 to 168p. The County NatWest down-

175p. But another software company, Sema, continued to advance rapidly, the shares racing up 27 to 588p, with deal-ers convinced that Cap Gemini Sogeti, of France, has boosted its stake in Sema, last revealed

at 24 per cent.
Parkfield continued to suffer. The shares stood at 518p in January but have since fallen from grace. Last week, Parkfield warned on profits and said its accounts would be delayed, developments which

delayed, developments which have lowered the shares from 346p to yesterday's 125p, down 27 further on the day. Speculation of takeover pos-sibilities pushed High-Point, the consultancy and services company, 25 higher to 298p. Two directors share a control-ling stake in the company,

a "terribly tight market." How-ever, a reasonable line of stock

was placed a few months ago, according to one trader.

D.CGardner eased 3 to 183p as BZW downgraded its profits estimate from 25m to 23.7m, emphasizing, however, that it still expected the company's complexity to more example. core business to grow strongly this year. Ensor improved 3 to 60p in response to increased

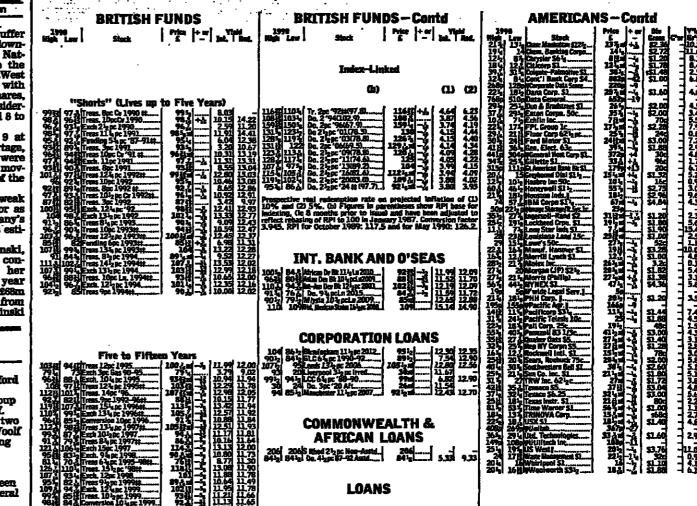
annual profits.

Scottish Cities Investment Trust "A" jumped 17 to 690p as Anglo Scandinavian Investment Trust emerged as a 15 per cent ahareholder.

■ Other Market statistics, including the FT-Actuaries share index, Page 23

LONDON SHARE SERVICE

grade left Logica, the software group, a further 10 lower at



AMERICANS

21 Politicismer for Ending.

14 II Beat America St. 5.

14 II Beat America St. 5.

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35 A DYC Intol. 25c.

156 DC Affronta Low.

APPOINTMENTS

Scottish Mutual changes

THE SCOTTISH MUTUAL ASSURANCE SOCIETY. Glasgow, has appointed Mr Douglas Patrick as chief executive, succeeding Mr Douglas McKinnon, general manager, who retires on June 30 and beomes a non-executive director. Mr Patrick was deputy general manager and a director. Six divisional general managers have been appointed from July 1: Mr Alan Blakeley (systems); Mr John Campbell (marketing and sales); Mr Robert Clarkson (investment); Mr Leslie Gray (corporate services); Mr William Henderson (client services); and Mr Clive Thomson (finance) who also

Dr Carlos Lopez-Cacicedo has been appointed director of research and technology at NATIONAL POWER. He is currently director of the Electricity Research and Development Centre, Capenhurst

Mr Tim Ayre has been appointed to the main board of CHARTWELL LAND as investment director, retaining responsibility for Chartwell Land Investments, Mr David man is joining as director of Chartwell Land Development, and Mr David Gregory becomes director sible for major retail projects.

■ Mr Gordon Pepper has resigned his directorships in the Midland Group to concentrate on his role as director of the Centre for Financial Markets at CITY UNIVERSITY BUSINESS SCHOOL. He was joint senior partner of W. Greenwell & Co, stockbrokers, before it became part of Midland Group.

Mr Nigel Young has been appointed assistant divisional chief executive of the HALMA safety division. He continues as managing director of subsidiary Fortress Interlocks.
Mr John Zarno has been
appointed assistant divisional chief executive of the machinery and services division, remaining managing director of Kerry Ultrasonics; Mr Denis Cumins, finance director of Standard Machinery, becomes finance director of the division.

THE DE LA RUE COMPANY has appointed Mr Robert Gardner as managing director of its payment systems division, following the resignation of Mr Peter Underhill. Mr Gardner was a main board director of Gestetner Holdings.

BALFOUR MACLAINE CORP, New York, has appointed Mr Bob Siebenmann as managing director of its

Raifour Maclaine International (UK) commodity futures brokerage subsidiary in

■ PEMBROKE has appointed Mr Stuart Cunliffe to the board, and Mr Peter Handy as a director of Pembroke (Lincoln), Pembroke (Refurbishments), and

Customer support posts at British Aerospace

■ BRITISH AEROSPACE COMMERCIAL AIRCRAFT has appointed Mr Michael Farge as senior vice president customer support, sirline division, from July 1. He joins from Normalair Garrett where he was executive director customer support, and succeeds Mr Jimmy Warren who has moved to British Aerospace Inc in the US as senior vice president customer support operations.

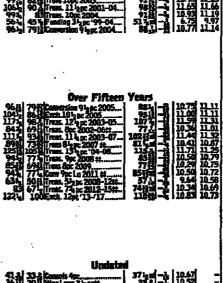
Mr Peter Middleton has joined DAF's headquarters in Eindhoven as corporate strategy director, a new post. He was director product planning and timing, Rolls Royce Motors. Mr Middleton began his career in 1969 with Leyland Vehicles, forerunner of the present Leyland DAF company.

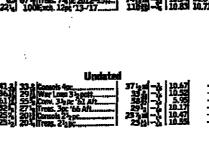
■ WOOLF, owned by CBC, a subsidiary of Compagnie Générale des Eaux, has appointed Mr Michael Stafford as chairman. Mr Terry Fleming has been made group managing director of Woolf. Mr Stafford was one of the two founding directors of the Woolf organisation and Mr Fleming was chairman of the Laing

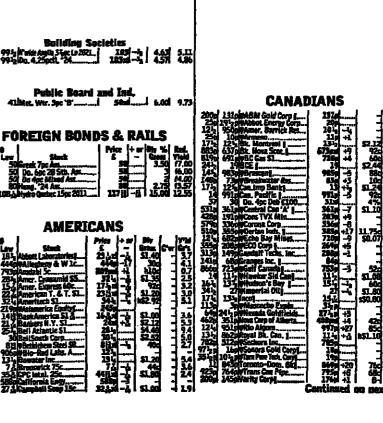
■ Mr John Chandler has been appointed director and general manager of BIRFIELD EXTRUSIONS, part of GKN Automotive, from July 1. He moves from sister company Hardy Spicer where he is works director, and succeeds Mr Keith Beard who has



Mr Red Sellers (pictured), financial director of BRITISH VITA, becomes cirief executive on July 1, succeeding Mr Bob McGee who continues as executive chairman. Mr Sellers



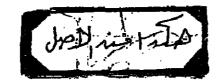




	LUNDON SHARE SERVICE	Share Code County III.
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	FINANCIAL TIMES THURSDAY JUNE 28 1990		31
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^.	MOTORS, AIRCRAFT TRADES - PROPERTY-Contd	INVESTMENT TRUST—Centd INVESTMENT TRUST—Contd	OIL AND GAS—Contd MINES—Contd
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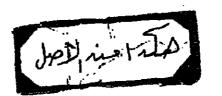
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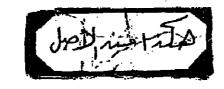
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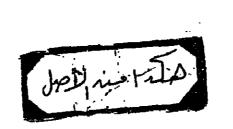
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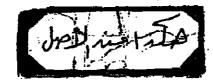
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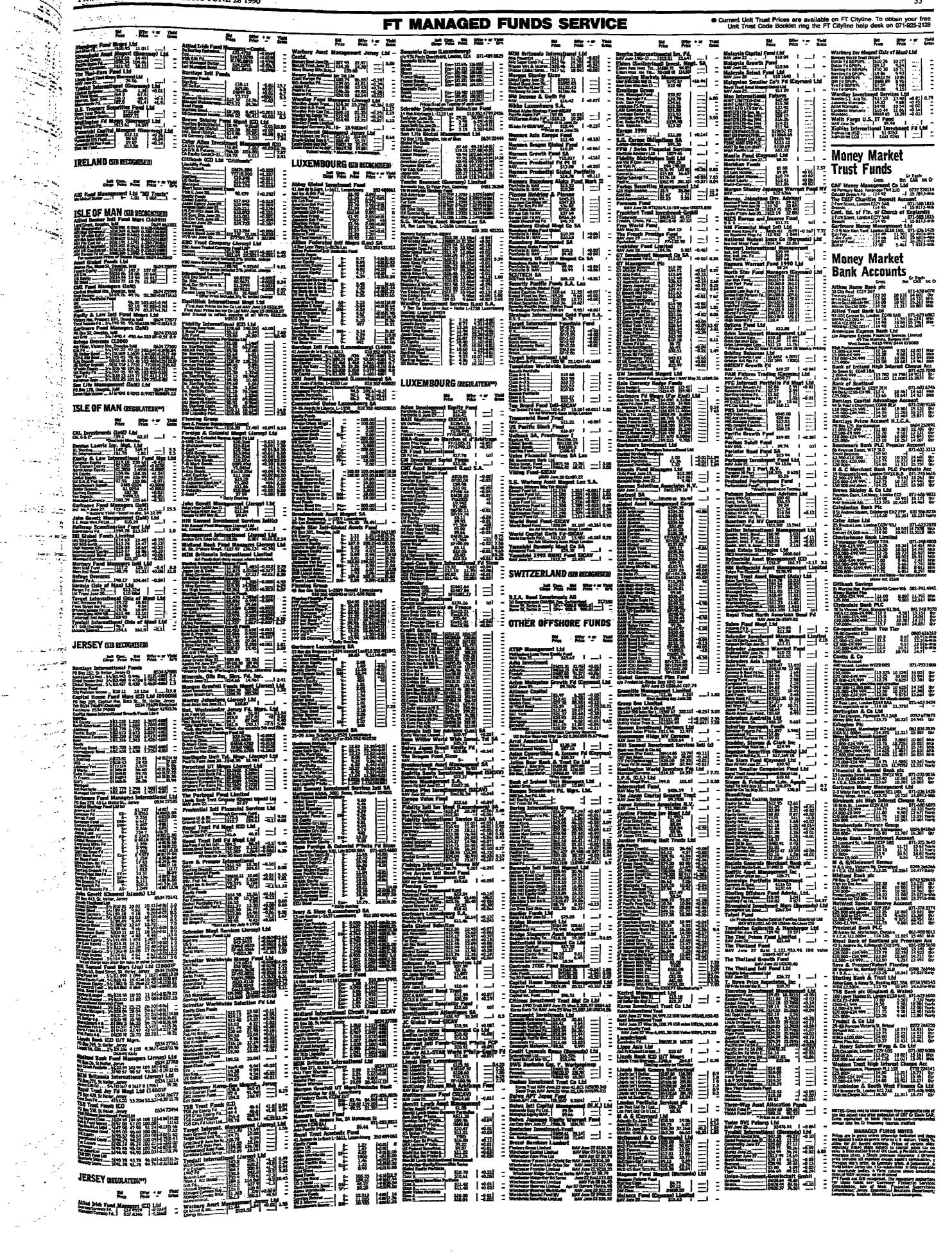
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Dollar steady at lower levels

THE US DOLLAR opened lower yesterday in response to hints by President George signs that the budget deficit is Bush that taxes may be raised in order to cut the budget deficit. Thereafter, it spent the rest of the day trading steadily in a narrow range.

Mr Bush's comments increased speculation that interest rates could be cut if the deficit was indeed eventually reduced by tax increases. But after the initial wave of selling, the dollar stabilised as the market began to assess Mr Bush's words.

Analysts welcomed Mr Bush's remarks but said any changes would not come until later in the year. "There are no concrete proposals yet to raise taxes," said Mr Bill Simpson, money market economist at Barciavs Bank.

The uncertainty surrounding Mr Bush's comments made traders reluctant to mark the dollar lower once the immediate wave of selling dried up. Furthermore, the approach of June non-farm payroll figures on July 6 and the policy-setting Federal Open Market Commit-tee meeting next week was another reason for caution.

Despite growing indications that the American economy is slowing and that inflation is stable, many analysts said the Fed will be reluctant to loosen

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European Commission Calculations. All SDR rates are for June 26 CURRENCY MOVEMENTS							
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OTHER CURRENCIES						
June 27	£	5				
Argentina Australia Brazii Fioland Greece Hung Kong Iran Korra(Sth) Luxentbourg Malaysia	8701.05-8738.45 2.2110-2.2130 95 9035-96 9775 6 8155-6.8460 281.75-286 25 13 5675-13 5810 121.00- 1236 90 -1256 85 0 51000-0 51100 59 45-59 55 4,7186-4 7306	4990 00 - 5010 00 1 280 - 1 2890 55 0000 - 55 6000 3 9120 - 3 9150 161 40 - 164 05 7.7870 - 7.7840 69 50° 713 80 - 719 40 0 29280 - 0.29320 34 10 - 34 20 2 7090 - 2 7113				
Mesico	4986 95 - 4990 20 2.9640 - 2.9705 6.5315 - 6.5775 3.2090 - 3.2165 4.6290 - 4.6400 6.760 - 7.1180 47.60 - 47.70 6.3955 - 6.4030	2860 00 - 2870 00 1,7005 - 1,7025 1,7495 - 3,7505 1,8430 - 1,8450 2,6575 - 2,6590 4,0000 - 4,0815 27,30 - 27,35 3,6715 - 3,6735				

Instead, it will wait for clear
signs that the budget deficit
to be cut. The uncertainty st
rounding the immediate aft
effects effects of German
monetary union, which begi
on Sunday, may al strengthen the hand of the
strengthen the hand of the
Fed governors favouring
change in policy. The doll
closed lower at DM1.6640 fro
DM1.6715; at Y154.40 fro
Y155.15: and at FFr5.5900 fro
FFr5.6075; but itfirmed
SFr1.4075 from SFr1.4050. T
dollar's exchange rate inde
calculated by the Bank
England, fell 0.3 point to 67.1

The other major currencies were little changed in quiet trading. Sterling began weakly after Mrs Margaret Thatcher, the UK Prime Minister, expressed doubts at the Dublin European Community summit about proposals for a single European currency and central bank. However, the UK's high interest rates prevented it from falling far. In addition, sterling's entry into the exchange rate mechanism of the European Monetary System has not been questioned by Mrs Thatcher. Many analysts said they expected sterling to trade around DM2.90 until the next batch of economic data in the middle of July. Sterling closed unchanged at

DM2.9000; and rose to \$1.7425 from \$1.7355; to FFr9.7400 from FFr9.7325; and to SFr2.4525 from SFr2.4400; but it fell to Y269.00 from Y269.25. Sterling's exchange rate index fell 0.2 point to 91.3.

The D-Mark was firmer on short-covering before German monetary union and after Mr Hans Tietmeyer, a Bundesbank board member, said in a US magazine that high money market rates were appropriate to keep inflation under control. The D-Mark was firmer at Y92.90 from Y92.85.

	URO-Çi	JRRENC	TMI Y	HES!	KATES	
Jun 27	Short term	7 Days	One Month	Three Morths	Six Mortis	One Year
ling Dollar Dollar Dollar slider Franc schmark Franc lan Lira stan Lira stan Sing	15-14% 83-82 13-124 74-74 94-84 70-74 10-94 13-11 13-11 13-11 13-12 84-84	15-14% 8% 8% 13%-12% 7%-7% 11-10 10%-10% 8%-8%	149-145 84-84 135-135 84-81 84-71 84-71 114-154 114-164 114-164 114-164 114-164 114-164 114-164	148-147 81-81 133-81 81-81 81-81 81-81 101-101 93-77 101-101 83-81	149-147 87-85 137-85 85-85 81-85 81-105 111-111 93-75 103-105 83-83	143-144 84-84 13-1-123 84-84 84-84 114-114 74-74 74-75 104-104 82-84
g term Eurodolla 191 ₆ per cent por	rs. 1940 years 87 missel. Short, Ler	1-64, per cent; i un rates are cal	three years 9-8: I for US Dollar	h per cent; four s and Japanese	years 914-9 per Year, others, ta	cost; flet yters no days' notice.
POUND	SPOT-	FORW/	ARD AG	AINST	THE PO	OUND

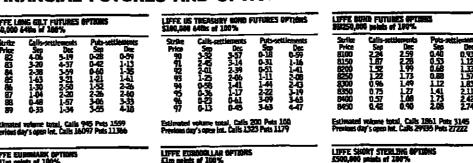
POUND SPOT- FORWARD AGAINST THE POUND									
June 27	Day's spread	Close	Ore month	% Pā	Three months	9% p.a.			
US Canada Canada Netherlands Belgium Desmark relard N. Germany Portugal Spalls Rainy Horway France Serotes Ragaer	20390 - 20445 326-3275 59-40 - 59-70 11:014 - 11:05 1.0780 - 11:080 2895 - 2905 2730 - 277:00 177:30 - 178:80 27224 - 21314 11:144 - 11:194 9.724 - 9.752 10:494 - 10:524 2685 - 2695 20:37 - 20:49	17420 - 17430 20095 - 20405 - 326 - 326 - 327 9945 - 99 - 59 - 51 1021 - 11025 2494 - 2124 2494 - 2124 1730 - 174 - 1124 1730 - 174 - 1124 1730 - 9,745 10,494 - 10,504 2684 - 2494 2684 - 2494 2684 - 2494 2684 - 2494 1,4945 - 1,495	99-0 97cm 626-018cm 2-13cm 2-24cm 4-4cm 6-5-04cm 13-13cm 4-3cm 4-3cm 4-3cm 4-3cm 4-4cm 2-23cm 14-14cm 2-23cm 16-14cm 16-2-3cm 16-	522135678888147888876887 525555555555555555555555555555555555	2,70-2.67pm 0,52-0.70pm 82-67pm 125-1.15pm 125-1.15pm 45-45pm 19-17pm 105-95pm 65-55pm 31-275pm 31-275pm 31-25pm 31-25pm 31-25pm 31-25pm	111 6.00 4.22 4.429 0.27 0.33 3.54 2.57 2.57 5.94			
Commercial rates taken towards the end of London trading. Sto-month forward dollar 5.25-5.20cpm 12 month 7.10-9.00cpm									
DOLL	AR SPOT-	FORWAR	D AGAIN	1 ST	THE DOL	LAR			
June 27	Day's spread	Close	One month	% 93.	Three mouths	% p.a.			
iX1 retandt anada etherlands leigionn	1.7405 - 1.7450 1.6085 - 1.6150 1.1700 - 1.1730 1.8680 - 1.8765 34.05 - 34.20	1.7420 - 1.7430 1.6090 - 1.6100 1.1705 - 1.1715 1.8730 - 1.8740 34.10 - 34.20	0.99-0.97cpm 0.26-0.21cpm 0.52-0.5cclls 0.03-0.01cpm 3.00-5.00cdls	6.75 1.75 -5.48 0.13 -1.41	2.70-2.67pm 0.72-0.62pm 1.48-1.53ds 0.04-0.02pm 6.00-14.00ds	6.16 1.67 -5.14 0.06 -1.17			

ECU	1.3965 - 1.4110 1.2285 - 1.2435	1.4070 - 1.4086 1.2390 - 1.2406	0.07-0.09cds 0.17-0.16cpm	1.60 0.56-0	1.21ds -0.51		
Commercial ra Forward press	tes taken towards ums and discounts	the end of London tra apply to the US dolla	ding. † UK, freland r and not to the in	and ECU are quo Oridical correccy.	Led in US currency		
	IS EURO	PEAN CUI		URIT RA	TES		
	Ecu centra rate	d and the	% classee from central rate	% change adjusted for divergence	Divergence Hanit, %		
Beiglan Fratt Danish Krone Gernas D-Mari Frendt Frant Dutch Guilder Irtih Pant Ralian Lira Spanish Peseta .	7,79 2,04 6,85 2,30 0,763	645 7.84965 446 2.06243 684 6.92375 958 2.3225 159 0.769116 170 1511.95	+0.64 +0.88 +0.99 +0.82 +0.78 -1.16	+0.27 +0.47 +0.71 +0.88 +0.65 +0.61 -1.33 -4.55	±1.5508 ±1.6453 ±1.1762 ±1.3618 ±1.5272 ±1.6689 ±1.5162 ±4.2705		
C	Con therein	tile about desire					

1401 read	132,007	واست	
anges are for Eco, the	terefore positive o	hange denotes a w	reak currency

EXCHANGE CROSS RATES										
June 28	2	5	DM	Yes	F Fr.	S Fr.	H FI.	Ura	CS	B Fr
<u>£</u>	1 0.574	1.743	2,900 1.664	269.0 154.3	9.740 5.588	2.453 1.407	3.265 1.873	2125 1219	2.040 1.170	59.9 34.1
DM	0.345 3.717	0.601 6.480	10.78	92.76 1000.	3,359 36.21	0.846 9.119	1.126 12.14	732.8 7900	0.703 7.584	20.5 221.
F Fr. S Fr.	1.027 0.408	1.790 0.711	2.977 1.182	276.2 109.7	10. 3.971	2.518 1	礟	2182 86.3	2.094 0.832	61.0° 24.2
H FI. Lira	0.306 0.471	0.534 0.820	0.688 1.365	82.39 126.6	2.983 4.584	0.751 1.154	1 1.536	650.8 1000.	0.625 0.960	18.2 28.0
C \$ B Fr.	0.490 1.681	0.854 2.929	1.422	13L9 4521	4,775 16,37	1.202 4.123	1.600 5.487	1042 3571	1 3.429	29.1 100.

FINANCIAL FUTURES AND OPTIONS



Sep 0.94 8.72 0.50 0.33 0.21 0.13 0.07 0.04

DEUTSCHE MARK (IM) IM/125,000 S per Dil

Litest Righ Caw Pres. 0.6496 0.6499 0.6492 0.6477 0.6508 0.6510 0.6505 0.6489

0.6019 0.6024 0.6010 0.6012 0.6017 0.6017 0.6008 0.6010 0.6017 0.6017 0.6008

Dec 243 3.39 4.56 5.96 7.56 9.32

4,750

Open lat. 3,498 3,993 303

Pats Dec. 0,44

18,164

Hat Westmissier 15
Horthern Bank Ltd 15
Horthern Bank Ltd 15
Hydredit Mortgage Bank 15½
Provinctal Bank PLC 15½
Royal Bit of Scotland 15½
Royal Bit of Scotland 15
Sanith & Williams Secs. 15
Standard Chartered 15
TSR

O Members of British Merchant

o Helmans of Chila Mercana Banking & Securities Houses Association. ** Deposit new 5.9% Savenise 13.7% & Mortgage Instant access 13.7% & Mortgage base rate. § Demand disposit 9%. Mortgage 15.2% - 15.95%

• United Sk of Kewait ,

Sept. 0.28 0.48 0.84 0.84 1.37

-255 -270 -270

BASE LENDING RATES

Cyprus Pepular Bk ... Dunbar Bank PLC ... Duncan Laurie

Equatorial Bank pic Exeter Trust Ltd Financial & Ges. Bank

First National Bank Pic. 165 Robert Fleming & Co. 15 Robert Fraser & Pours. ... 155

HFC Bark pk 15

History Bark 15

Hangshire Trust Pk 15

Heritable & Gee for Bark 15

SSS

C. Houre & Co. .

Houghing & Shangh

Lespoid Joseph & Sons
Linyis Bank

Meghraj Bank Ltd

McDonnell Donglas Bok .

					F				
ke 50 50 50 50	Calls-se Sep 0.81 0.57 0.37 0.20 0.09 0.04 0.02 0.01	0.68 0.50 0.30 0.23 0.14 0.05 0.04 0.04	Puts-92 Sep 0.03 0.04 0.09 0.17 0.31 0.51 0.74 0.98	0.15 0.25 0.25 0.31 0.45 0.61 0.80 1.01	Surfect Price: 9075 9100 9150 9155 9200 9225 9250	Sep 0.98 0.74 0.51 0.31 0.16 0.07 0.02	0.96 0.75 0.55 0.38 0.24 0.14 0.07	Pots - 2 Sep 0 0.01 0.03 0.08 0.18 0.34 0.54 0.77	
إعاد	volunte b	otal, Calls	245 Pats L6 Date Of	980 175	Estimated Previous d	voiene ti ar's open i	stari, Califs i et Califs 34) Pats 48 45 Pats 1	180

CHICAGO

SWISS FRANC (1998) SF: 125,000 \$ per SF:

MILADELPHIA SE (JS OFT) (31,250 loods per El)

Latest 93-14 93-04 92-28 92-20 92-12

High 93-14 93-04 92-28 92-20 92-12

92-02 92-02

Pres. 93-05 92-28 92-21 92-14 92-02 92-28 92-23 91-18

92-01

me 79,027 Total Open Interest 61,057

OPTEM ON LONG-TERM FRENCH BOND GRATEFI

CAC-40 PUTURES CHATTE? Stock lades

Adam & Corepany Allied Trest, Bank Allied Irish Bank

Heavy Anshacher
 Associates Cap Corp

 B & C Merchant Bank

Brit Etk of Mid East

NOTE: Blanck

Citibaak NA

2.34

	LONDON (LIFFE)	
	20-YEAR 9% NOTIONAL CILT E50,000 32mb of 190%	
	Clase Kigh Law	,
•	Jun 85-14 Sep 85-21 86-13 85-14 Dec 86-12	•
	Estimated volume 26601 (23006) Previous day's open inc., 36909 (36841)	
	US TREASURY 800DS 8% \$100,000 32mb of 100%	
	Closs High Los	, –

Previous	d volume 443 day's open ja	66 (5934) L. 62300 (, 62556)	
	IDHAL LONG LOTA 1000s		PANESE CO	NT.
Sep Dec	Close 94,71 95.01	High 94.88	10# 94.71	Pre- 94.8 95.1
Fellmote	d volume 101	0.023		

riches (and a solver III		_	
THREE IN	ONTH STER	LING 10%		
Sep Dec Mar Jan Sep Dec Mar Jan Sep Oec Mar	Close 85.41 86.22 86.77 87.89 88.11 88.11 87.96 87.96	High 85.48 86.32 87.04 87.50 87.89 88.10 87.99 87.96	85.39 86.20 86.95 87.45 87.85 88.07 88.07 87.95 87.95	Pres. 85.47 86.32 87.95 87.93 88.14 88.14 88.95
Mar	87 96 88.00	88,00 88,00	88.00 88.00	87.95 87.95

Vol. (inc. figs. not shown) 3383 (4001) ricus day's open inc. 29162 (29193)	
177 177 177 177 177 177 177 177 177 177	9999999

THREE I	operate guine mints of 186	MARK %		_
Sep Dec Mar Jen Sep Dec Mar Jen	71.53 91.53 91.28 91.19 91.16 91.18 91.18 91.18	10ph 91.69 91.40 91.32 91.20 91.20	91.52 91.27 91.29 91.19 91.18 91.19	91 91 91 91 91 91
Estimate Prerious	d volume 1 <u>55</u> day's open ip	22 (15007 L 63281 6) 13275)	
THIEF I	BITTH ECH			

99 40	bear or 10.	176	
Sep Des Nar Jun	Close 89.72 89.69 89.80	High 89.80 89.78 89.80	Law 89.72 89.69 89.80
Estimate Prerious	d volume 236 day's open is	2463 G	4030
	la Dibex		
	Close	Hilah	l com

	- m			
Just Sep Dec	2376.0 2439.0 2493.5	High 2404.0 2466.0	2372.0 2437.0	240 247 252
Estarete Previous	d wolstate 64 day's open is	43 (6657) al 30018 (299300	
POUND-	(FERENCIE)	EXCHANG	0	

SUND-5 (FE		CHANCE		
Seet. 7425	1-mk 1.7327	3-cub 1.7157	6-mils 1.6903	12-mth 1.6620
M-2153-FI	NG \$6 ptr \$			
,	Latest 1.7290 1.6930	開始 1.71% 1.6950	Low 1.7170 1.6930	Pres. 1.7154 1.6912

MONEY MARKETS

London rates firm

firm yesterday as sterling eased against the D-Mark. The key three-month interbank rate was up & point at 1413-1422 per cent. The futures market followed sterling lower with September short sterling clos-ing 3 points lower at 85.44. December finished 10 off at

The Bank of England provided total assistance to the money market of £100m compared with a final forecast shortage of £150m. The Bank has left the market short of liquidity every

UK clearing bank base lending rate 15 per cent from October 5

day this week but dealers said there was sufficient liquidity to avoid any strong upward pressure on rates.

During the morning an estimated shortage of £100m was revised to £200m but after lunch it was reduced to £150m. The only assistance to the market came in the afternoon when £100m of late assistance

was provided. Of the factors causing the shortage bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills were forecast to drain £244m, a rise in the note circulation £130m and bankers cent.

balances were £50m below

balances were £50m below target. This was partly offset by Exchequer transactions, which added £310m.

In Frankfurt call money rose to 7.95-8.00 per cent from 7.85-95 on Tuesday after the Bundesbank surprised the market by draining DM1.2bn of liquidity in this week's tender for securities remurches parts for securities repurchase pacts.

Traders had expected the central bank to replace an expiring DM18.2bn pact in full and some evenbelieved it would add to liquidity. The futures market responded to the rise in rates and September Euromarks fell 11 points to

Mr Hans Güenter Redeker of Chemical Bank in Frankfurt said the Bundesbank may have tightened policy in order to pre-empt an increase in liquidity when monetary union takes place next week. He also said there was a possibility the Bundesbank was preparing for a rate hike but he thought the chances of this was "less than 20 per cent."

The 28-day tender was allocated at rates of 7.80-95 per cent, unchanged from the rates on last week's 28-day pact. In New York the Federal Reserve added \$2bn of liquidity to the banking system using customer repurchase customer repurchase agreements. At the time of the operations, Federal Funds were

unchanged quoted at 8h per

FT LONDON INTERBANK FIXING (11.00 a.m. June 27) 3 months US dollars

MONEY RATES

		PURE	r RAI	E3							
NEW YORK		Treasury Bills and Bonds									
(Lunchtime)	9	One month		7.07 Tares	70V						
Prime rate	. 94 9	91. Str month 8.10 Street water 8.10									
June 27	Chemight	One Month	Two Months	Tares Months	Six Months	Lowbard interestion					
Frankfurt. Park Zorich Amsterdam Tokyo Milian Brussels Dublin	7.85-7.95 91-91 81-85 7.50-7.60 74-71 115-115 8.50 101-105	7.80-7.95 94.97 84.9 7.94-8.04 711-713 103-114 93-913 102-103	8.00-8.15	815-830 9%-1014 814-9 813-823 774-774 11-1114 93-98 1014-1012	8.35-8.50 - 10 ¹ 8-10 ¹ 8	8.00 9.50 - - -					
LONDON MONEY RATES											

LONDON MONEY RATES										
Jun 27	Overnight	7 days notice	One Month	Three Months	Six Months	One Your				
oterbank Offer	15	15 14% 14% 14%	15 4867 - 4466 144 - 1446 144 - 1	19 444 - 484	15 7 12 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	14 14 14 14 14 14 14 14 14 14 14 14 14 1				
resum Rifs (sell): on	connects 14.	& per cent:	three most	ts 14% per	cest: Bank	Bitis (sell)				

Tressary Bills (sell); one-month 14 g per cent; three months 14 g per cent; Bank Bills (sell); one-month 14 g per cent; three months 14 g per cent; Tressary Bills; Archarge tender rate of discount 14 3152 pe. ECGD Fixed Rate Sterling Export Finance. Make up day May 31, 1990. Agreed rates for period June 26, 1990 to July 24, 1990, Scheme 1: 15,91 p.c. Schemes II & III. 16 44 p.c. Reference rate for period May 1, 1990 to May 31, 1990. Scheme 14 & 15,201 p.c. Local Authority and Finance Houses sever days motice, others seven days fixed. Finance Houses Base Rate 15 g from June 1, 1990: Bank Deposit Rates for sums at seven days fortice 4 per cent. Detillicates of 722 Deposit (Series b): Deposit \$200,000 and over held under one month 11 g per cent; one-three months 13 per cent; three-tix months 13 per cent; shar-twelve months 13 per cent; Under \$100,000 1112 per cent from Oct 9,1989, Deposits withdrawn for cash 5 per cent.

State Electricity Commission of Victoria (A Statutory Corporation constituted under the State Electricity Commission Act 1958 of the State of Victoria)

A\$200,000,000 Zero Coupon Guaranteed Notes due 2000 Guaranteed by the Government of Victoria

Issue Price 31.45 per cent. payable as to 12 per cent. on 17th January 1990 and 19.45 per cent. on 17th July 1990 NOTICE OF PAYMENT OF FINAL INSTALMENT

Holders of the above-mentioned Notes of the State Electricity Commission of Victoria (the "Issuer") are reminded that payment of the final instalment of 19.45 per cent. of the principal amount of the Notes falls due for payment in immediately available Australian dollars on 17th July 1990. Accordingly, any such person who is holding Notes through Morgan Guaranty Trust Company of New York, Brussels Office, and the Rupplese Surgery ("Rupplese") or Codel S. as operator of the Euroclear System ("Euroclear") or Cedel S.A. ("Cedel") should ensure that payment of the final instalment in respect of the principal amount of Notes held by him is made to Euroclear or Cedel, as the case may be, to enable it to pay the final instalment to the

After 17th July 1990 and up to (and including) 31st July 1990, the Issuer is emitted to accept payment of the final instalment of the issue price of any Note. No payment after 17th July 1990 will be accepted by the Issuer unless accompanied by a further payment representing interest accounted at the rate of 14.50 per cent. per amount calculated from (and including) 17th July 1990 to (but excluding) the date of actual payment.

The Issuer may at any time after 31st July 1990, elect not to accept payment of the final instalment, and declare forefeited any parity-paid Notes and shall be cottled to retain the first instalment of the issue price previously paid, and shall be discharged from any obligation to repay such first instalment or interest thereon for any period. Up to (but excluding) 30th September 1990, the leaver may resell, in fully paid form at any price, any forfeited Notes, but thereafter it may not do so.

Holders of the Notes are further reminded that neither Euroclear nor Cedel will clear any transaction in the Notes for settlement on or after 17th July 1990, unless such transactions are in fully paid Notes. Furthermore, it will not be possible for Notes in partly-paid form to be transferred from Euroclear to Cedel or vice versa after 9th July 1990. Accordingly, as between the parties to any such transaction, it will be for the vendor to ensure that the final instalment on the relevant Note is paid. 26th June 1990

FINANCIAL TIMES THURSDAY JUNE 28 1990

ATTENTION PLEASE!

Foreign Currency Mortgages/Remortgages FOR UK RESIDENITIAL PROPERTIES THIS IS A MULTI-CURRENCY MANAGED FACILITY AND AT YERY LOW INTEREST RATES THE SAVINGS POTENTIAL IS ENORMOUS FOR MORE INFORMATION,

TELEPRONE THE CREEKT EXCEANGE on 0494-722099

CHEMICAL INDUSTRY

The Financial Times proposes to publish this survey on:

12th July 1990

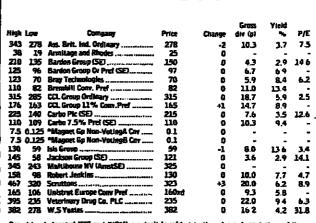
Bill Castle on 071 873 3768

or write to him at :

Number One outhwark Bridge London SEI 9HL

FINANCIAL TIMES

SPONSORED SECURITIES



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Geanville Davies Limited 77 Mansell Street, London E1 8AF Telephone 071-488 1212 Member of The ISE & TSA



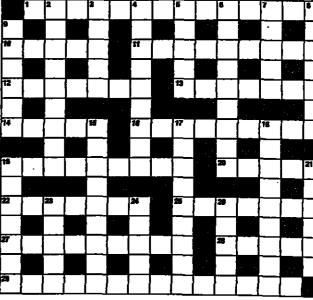
11 GROSVENOR GARDENS, LONDON SW1W OBD Tef: 071-828 7233 AFBD member FTSE 100 June. 2373/2383 -19 July. 2857/2869 +10 Sept. 2437/2447 -16 Sept. 2876/2888 -11 5pm Prices. Change from previous 9pm close

TIME TO BUY GOLD? CAI, Futures Ltd Windsor House %) Victoria Street London SW1H 0NW Tel: 071-799 2233 Per: 071-799 1321

JOTTER PAD

CROSSWORD

No.7,275 Set by GRIFFIN



ACROSS
1 Old Queen racing into pompous speech (14)
10 Where crossword compiler caught accountant (5)
11 Dying to describe very cold weather? (9)

weather? (9)
12 Join one in private, perhaps

(7)
13 Suppress more after writing back (7)
14 Vain hope of mother housing engineers (5)
16 Troops entering main road with difficulty (9)

19 Shirt Ritz designed causes painful joints! (9) 20 Store key to piano inside, Dorothy (5) 22 Magnanimous boss but con-

ceited person (7) 25 Object about transplanted tree being registered (7) 27 Conclude arrangements to

meet train (9) 28 Stick duck in bost (5) Restructuring dancing train-ing arose out of nothing (14)

DOWN 2 Recall Elizabeth turning to

prayer (9)
2 Forces shop not after a fat income, initially (5)
4 Meaning attending around noon is significant? (9) 5 Dog rescued from cruel men

(5) 6 Natural fuel a Parisian

7 Repair hinge making noise in stable (5)

8 In before time, say, rises keenly (7)
9 Tickled by mad broadcast

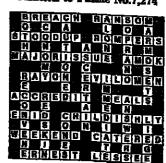
about exercise (6)
16 Selling man a new trike in Gateshead (9) 17 Insipid and stale, sets badly (9) 18 Dr Zamenhof's artificial

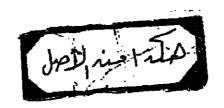
tongue (9) 19 Umpire turns up about haiftime with supporter (7)

21 Grooms find it rises and 22 Greta wanted dress ring (5) 24 Filter onto one A-road up North (5)

26 Understood spiteful woman rejected sex-appeal (5)

Solution to Puzzle No.7,274



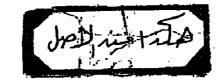


June 27

CROSSWORD

1.500 1.500

MONTREAL



WORLD STOCK MARKETS

Jame 27
AGA 8 (Free)
AIGA 20 (Free)
AIGA 20 (Free)
AIGA 20 (Free)
ASIA B (Free)
ASIA B (Free)
ASIA B (Free)
Excisors B (Free)
Excisors B (Free)
Excitors B (Free)
Mobil Free
Mobil Free
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Sidolis (Free) PARTITION OF STATE OF THEFT | Section | Page | Section hane 27 150175 Alcan
250550 A Barrick
311700 Abcq I J
250550 ACS Inc
11700 Abcq I J
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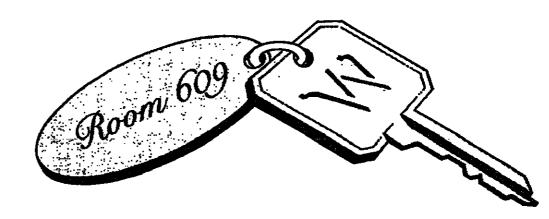
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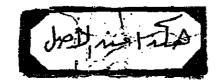
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Dow advances despite nervousness on profits

Wali Street

A QUIET morning on Wall Street saw equities shake off measiness about the prospect of lower corporate earnings to post modest gains in light trading by midsession yesterday, writes Raren Zagor in New

At 2 pm, the Dow Jones Industrial Average was quoted up 15.10 at 2.857.43. Volume was light, with only 97m shares changing hands by midday. Declining issues outpaced those advancing by a ratio of

seven to five.

The mixed tenor in equities was reflected in other indices. While the Standard & Poor's 500 was up 1.32 at 353.38 at 1 pm, the American Exchange Compaging Lat 0.95 to 255.05 Composite lost 0.85 to 355.95.

The market overcame an early round of sell programmes

related to stock-index arbirage, which pushed the Dow down about 10 points earlier in the day. A bout of futures-related buying helped stocks

Nervousness about the prospect of low corporate earnings continued to affect the market, as the second quarter results season approaches. AT&T drew heavy selling after the company said that it expected to report a decline in second quarter profits. The stock plunged \$2½ to \$38%. The prospect of lower earnings for West Company, which

INVESTORS in Continental

aggregate, to be leaning a little

towards the buying side, although Paris, Amsterdam

and Milan ended gently in favour of the sellers, writes Our

FRANKFURT reversed Tuesday's slip in the second half of yesterday's session. After an

intraday low, with the DAX

nearly 5 points down at 1,883.41, the FAZ ended 0.11

and the DAX closed the day

demand for shipping stocks.

This was the first time the DAX had closed above 1,900

since May 6, and recent talk of foreign buying surfaced again.

Daimler, Deutsche Bank and Siemens, of DM11 to DM847,

DM8 to DM805 and DM9.30 to

DM759.30, appeared to support the theory; but professionals said that this was a traders' market, based on an almost

Volume stayed healthy at

DM9.1bn. In engineering, KHD's DM12 rise to DM282

gave it a DM26.20 gain over three days, and Metallgesell-schaft's DM11 to DM673 left it

However, Continental, the tyre maker, dropped DM12.50

to DM317.50. The company said that 1990 net profits would fall from the depressed DM228m of

DM88.50 better over six.

total sellers' strike.

es in internationals such as

higher at 797.56 in midse

13.17 higher at 1,901.46.

quarter profits might drop more than 50 per cent because of production problems in the US and reduced business in Brazil, sent the company's share price down \$2% to \$17% at midsession.

Caterpillar, another extremely active issue this week, lost \$% at \$52. The issue fell \$11% in the first two days this week in the wake of a lower earnings forecast. Dow, which also expects lower second quarter results, fell \$% to \$56% in heavy trading.

Philip Morris, which has been on the most active list since its bid for Jacobs Suchard in Switzerland, slipped \$% to \$46%. LA Gear recovered most of its previous day's losses, adding \$1% to \$27% after losing \$1% on Monday. The company reported second quarter net earnings of 51 cents a share, in line with

its earlier estimates.
PPG plunged \$3% to \$46% after a report that the company, which processes chro-mium ore in Jersey City, might be more seriously affected than originally expected by the blame for chromium-waste pol-lution in the city. Allied-Signal, which was also implicated, slid \$1/4 to \$35%.

Times Mirror fell \$1/4 to \$31% after the company said its sec-ond quarter operating results would show no improvement over its first quarter results. Sierra On-Line, which devel-

Continental bourses lean

1989; and a proposal to scrap a

limit on voting rights to 5 per cent of total capital was voted

down at the company's annual

ing as profit-taking brought the bourse's modest rally to an

end. The CAC 40 index lost 16.44 to 2,031.54 after rising 3 per cent in the six sessions to

Tuesday. A decline in domestic

bonds was the trigger for the fall, reinforced by a weak open-

Michelin was one of the most

active stocks again, falling 60

centimes to FFr99.30 with 542,950 shares traded, after

plunging on a profits warning last week. Elsewhere in the auto sector, Peugeot, which

said that it faced no significant financial risk from the actions

of three employees, now dis-missed, at its banking unit, dropped FFr13 to FFr831. The

car-maker also predicted 1990

profits up by more than the 7.9

per cent improvement recorded

in the first quarter. Valeo, the components-maker, shed FFT14

The day's biggest decline was by Metaleurop, the metals producer, which plunged 10 per

cent to FFr175, down FFr19.40,

in active trading after its chair-

man predicted a profits

MILAN saw late buying which lifted most prices off

decline

ing on Wall Street.

THE NORDIC index staged a comeback in May, rising by 7.7 per cent after small falls in the previous two months, according to statistics compiled by the Oslo bourse on behalf of the four Nordic stock exchanges, writes Karen Fossli in Oslo.

Last month's rise means that the index has gained 3.7 per cent this year. May's best performer was Stockholm, up 9.8 per cent, followed by Oslo (8.2 per cent) and Copenhagen (5.5 per cent). Heisinki inched ahead by only 0.3 per cent.

Helsinki is the only Nordic bourse to have retreated this

year, standing 4.8 per cent lower than at the start of January. Finland's problematic economy sapped investors' interest. In contrast, Oslo steamed ahead, rising 22 per cent since January in spite of fluctuations in world crude oil prices, on

PARIS fell in moderate trad-

gently in buyers' favour

jumped \$1% to \$26% in over-the-counter trading. The issue has been at record highs all week. The company attri-buted the gains to greater visi-bility thanks to IBM's new line of personal computers, which will be able to run Sierra's Silpheed arcade game.

Canada

FEARS OF poor second quarter profits alternated with bargain-hunting to produce a vola-tile session in Toronto. Share prices made a sharp turnround from early losses before slipping back again by midsession.
The composite index stood 6.3 higher at 3,501.5 on volume of 12.4m shares. Advances led A meeting between Premier David Peterson of Ontario and Premier Robert Bourassa of Quebec reassured investors

that their economies would not be harmed by the collapse of the Meech Lake constitutional Laidlaw class B shares fell C3% to C\$25% in trading of 1.95m shares, after good third quarter earnings and resignation, for personal reasons, of

the company's chairman, Mr Michael DeGroote. Among other active stocks, Canadian Pacific, which controls Laidlaw, slipped C\$% to C\$20%. TransAlta lost C\$% to C\$12¼ and Bank of Montreal

their lows. However, the Comit

index still finished 1.03 lower

The merchant bank, Medio-

banca, rose L340 to L20,900,

and added another L100 to L21,000 after hours. The tele-

communications holding com-

pany, Stet, rose Lee to L7,000 amid rumours of a stock split.

MADRID was lifted by rises in banking stocks and some

electrical utilities, with the general index gaining 1.39 to 293.69. Among active banks,

BBV rose Pta50 to Pta3,300, Banco Hispano gained Pta90 to Pta3,215 and Popular added

Ptal80 to Pta9,560. Some recent winners in the utility sector slipped back, but Endesa gained Pta25 to Pta2,540.

OSLO welcomed a fall in

domestic interest rates, and the all-share index gained 5.19

to 614.24 in fairly busy trading

of NKr292m. Banks were firm

with Kreditkassen free shares

rising NKr6 to NKr158 and Den norske Bank adding NKr1.5 to STOCKHOLM again focused

on secondary stocks as foreigners showed renewed interest.

The Affärsvärlden General index rose 4.9 to 1,292.7 in moderate turnover of SKr289m.

Procordia free Bs rose SKr2 to

SKr167 and Avesta restricted shares gained SKr2 to SKr32.5.

Stora free Bs rose SKr14 to

SKr360 on the news that it plans to build a pulp plant in

BRUSSELS closed mixed,

with attention focused on

Société Générale de Belgique's

purchase of a 19.5 per cent stake in the travel company,

Wagons Lits. The cash market index closed 13.63 higher at 6.263.90, and Wagons Lits rose BFr550 to BFr10,000.

AMSTERDAM fell in quiet

index eased 0.4 to 121.1.

ASIA PACIFIC Nikkei tops 32,000 as trading volume climbs

INVESTORS TOOK encourage

ment from the yen's rebound and lower interest rates, and share prices breached the 32,000 level for the first time in four sessions, writes Michiyo

Nakamota in Tokyo.

The Nikkei rose 740.98, or 2.3 per cent, to close at 32,312.75, the day's high. The session's low was 31,600.02. Volume came to 600m shares, exceeding 500m for the first time in 13 trading days. Advances outpaced declines

Advances outpaced declines by 751 to 214, while 156 issues were unchanged. The Topix index of all listed stocks rose 39.05 to 2,362.40 but, in London trading, the ISE/Nikkei 50 index lost 3.83 to 1,774.90. US President George Bush's suggestion on Monday that there could be a tax increase in the US helped the yen to the US helped the yen to strengthen against the dollar. The news also raised investors' hopes that interest rates in the US might come down.

At the same time there was a stronger feeling that the market had hit bottom, given expectations of an impending flood of up to Y700bn from

Dealers were said to have been quite active, and there was talk of window-dressing by pension funds before the many of which take place tomorrow. Nevertheless, the market's strength in the past two days has worried some brokers. "It was maybe a hit overdone," said Mr Warren Primbak at Baring Securities. The focus yesterday was on high-priced, high technology high-priced, high technology issues with good earnings. Full Photo Film topped the actives list with 17.9m shares and gained Y230 to Y4,620. Sony jumped Y360 to Y8,870 and TDK, the maker of magnetic tapes, rose Y270 to Y7,320. During the day TDK, which was favoured for its low price earnings ratio of 37, had reached a record Y7,350. Kyocera, the semiconductor components

semiconductor components and electronic equipment maker which has been designated a market leader, advanced Y300 to Y8,630.

Precision equipment makers were also favoured, partly on expectations of higher prices for integrated circuits. Nikon bit a record of Y1 750 up Y70 hit a record of Y1,750, up Y70, and Canon, second in volume with 17.3m shares, put on Y80 to Y1,880. An upward revision

semiconductor components

in Canon's pre-tax profits for the year to December 1990 helped the issue.

Advantest, Japan's top maker of integrated circuit testers with 50 per cent of the market, moved up Y220 to a year's high of Y6,290. It was selected for its strong earnings and good growth potential stemming from the continuing high level of plant and equipment investment by Japanese ment investment by Japanese semiconductor makers.

High technology issues were the stars in Osaka, where the OSE average closed at the day's best of 35,254.89, up 566.13. Volume further expan-ded to 78m shares from Tues-day's 50m Rober posted the day's 60m. Rohm posted the maximum gain allowed in a day, closing at Y5,490, up Y500. Buyers were hoping for a scrip issue from the company.

Roundup

THE PROMISE of government action in the Pacific Basin yes-terday seemed less effective than the action itself, as Taiwan continued its tortured collapse and Singapore recog-nised the growing maturity of its domestic banking system. TAIWAN fall below 5,000 in spite of the Government's mea-

sures aimed at reviving the market. "A total loss of inves-tor confidence," "panic selling" and "out of control" were among the phrases flying-around as the weighted index feil another 298.74, or 5.6 per-cent, to 4,995.88. The index has lost 80 per-

cent, or 7,499.96 points, since the historic high of 12,495.84 attained on February 10. Vol-ume fell from T\$48.4bn to ume fell from T\$48.6bm to T\$39.1bm, compared with nearly T\$200bm at its peak.

Poor economic fundamentals, a domestic preference for currency speculation rather than equity investment and threats of political violence after today's National Affairs Conference on political reform were all blamed vesterday for were all blamed yesterday for the current state of the stock

SINGAPORE rose in brisk trading after the Government said it would raise the ceiling for foreign ownership of Singapore banks from 20 to 40 per cent of the outstanding shares. The Straits Times Industrial index climbed 9.66 to 1,533.25 in volume more than doubled from \$\$128m to \$\$236m. The city state's banks are quoted on foreign and local registers, said Mr Mike Franklin, London director of Kim Eng Securities, the Singapore-based stockbrokers. Local shares had been at a discount of about 25 per cent but yester-day the gap had narrowed dra-

OCBC local shares rose \$\$1.15 to \$\$8.55 while the foreign fell from S\$10.90 to S\$10.10, cutting the discount from 23 to 5 per cent. However, Mr Franklin noted that from now on Malaysian-registered shares would be deemed to be foreign. In OCHC's case, that automatically lifts its foreign holders from 20 to 35 per cent of the total, leaving limited room for arbitrage.

BOMBAY hit an all-time

high after rises on three con-secutive days, yesterday's 9.12 gain taking the BSE index to 829.47 on the back of good com-pany results.

JOHANNESBURG closed mixed yesterday in quiet trad-ing. Among gold shares, Southwal rose R1.50 to R107, while Deckraul slipped 25 cents to R12.75. De Beers added 50 cents to R90. Closing

Source of Japanese inspiration turns green

Environmental progress has lifted stocks in many sectors, writes Michiyo Nakamoto

OR THE Tokyo market, which has had few buying incentives since its sharp falls earlier this year, the "green" theme has been a welcome source of inspiration. Brokers have been quick to come up with lists of green companies and several have followed the western lead in setting up green funds. The companies themselves have come out with a series of new developments promising a

greener world. For investors, the promise of the environment theme lies in the lead that many Japanese companies have in technology for pollution control and alternative energy sources, which should see greater demand at home and abroad as the green movement gathers momentum. The Japanese Government has enforced some of the strictest standards in poliution con-trol in the world. Japan's lack of resources has also necess tated a strict programme of energy conservation, providing a strong incentive to develop alternative sources of energy that also happen to be clean.

Due to the broad scope of the environmental theme various

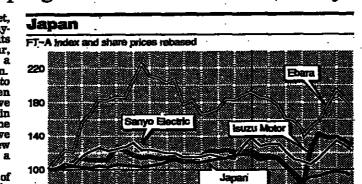
pens to be at the forefront. bara, for example, is a leading supplier of equipment used to remove nitrogen oxides (NOx) and sulphur oxides (SOx), which cause acid rain, from electric power plants. It led the interest in environmental issues early last year, as its share price surged 115 per cent in the six months to June 27,

stocks in many sectors have

been able to benefit in turn from whatever green issue hap-

from Y1,170 to Y2,520.
This year, however, Ebara's performance has not been as spectacular, in part because interest has moved away to other environment issues and also because, in the sluggish market environment, it has

looked overbought. It has suf-fered from profit-taking and closed at Y2,040 yesterday. None the less, many analysts see Ebara as the pre-eminent environment stock and interest the periodically to greated. It has periodically re-emerged. It is widely involved in all of the trading, depressed by the lower dollar and early decline on Wall Street. The CBS tendency three main areas of pollution control – air, water and waste by products, and already has a le market share for its pollu-



tion control products. Chemical companies also enjoyed a strong run last year when the need to phase out chlorofluorocarbons (CFCs) was on the top of the greens' agenda. Daikin Industries, a company which has been

developing CFC substitutes, jumped 118 per cent last year from Y985 in January to Y2,150 at the end of December. This year, however, the theme of CFC reduction has not attracted as much atten-tion. Dalkin recovered to Y1,920 yesterday, after falling to Y1,400 as the rest of the market plunged earlier in the year, but a new breakthrough will probably be needed for it to regain momentum. More recently, the focus has been on developments in clean energy sources. Investors have pursued Sanyo, the consumer

electronics company, which has the largest market share in solar betteries. Sanyo has risen from a low of Y758 on March 22 to Y924 yesterday, in spite of profit-taking. Isuzu, the car maker, has seen a strong rise in trading olume this year on the news that it has co-developed a large capacity battery which can be

used for electric cars. Although buying in Isuxu has now eased, its share price has gained 75 per cent in three months from a low of Y595 on April 2 this year to Y1,040 yesterday.

The possibilities for the envi-

ronment theme are countless. but there is no knowing where the next breakfirough might come or what the next sub-theme within the overall environment theme might be. The difficulty of determing which developments will affect a company's earnings also means that interest is speculative.

nternational conferences that raise the environment issue, however, such as the forthcoming July summit of the Group of Seven industrial nations, are likely to trigger renewed interest. - 60 mg

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17.73

One thing that everyone is agreed on is that the green theme will be long-term. The destruction of the environment itself is a long-term issue that requires long-term invest-ment," says Mr Toshiyuki Nishiguchi at Daiwa Securities. "Moves to tackie the problem are just beginning."

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FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS		TUESDAY JUNE 26 1990					MONDAY JUNE 25 1990				DOLLAR MOEX					
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	<i>D</i> Mi index	Local Currency index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM index	Local Currency index	1990 High	1990 Low	Year age (approx)
Australia (80)	141.43 255.96 150.10	+0.3 +0.9 -0.2	120.82 218.66 128.22	138.70 251.04 147.20	122.91 222.44 130.44	119.75 223.17 126.98	+0.2 +1.1 -0.5	5.81 1.21 4.54	141.03 253.78 150.40	120.82 217.43 128.85	138.49 249.22 147.58	123.03 221.40 131.20	119.45 220.80 127.59	158.31 285.63 160.02	125.85 193.15 132.11	131.96 121.08 129.29
Canada (119)	135.43 258.43 133.86 161.29	+0.7 -0.4 -1.2 +1.0	115.70 220.77 114.35 137.78	132.82 253.45 131.29 158.17	117.69 224.58 116.33 140.15	115.04 224.25 110.95 141.87	+0.2 -0.3 -1.1 +0.6	3.52 1.28 2.47 2.89	134.49 259.44 135.53 159.62	115.22 222.27 116.12 136.75	132.06 254.77 133.10 156.73	117.32 226.33 118.24 139.24	114.77 224.86 112.20 141.03	153.61 261.19 152.29 168.85	130.37 236.69 129.99 141.69	141.17 197.21 140.23 120.76
West Germany (93) Hong Kong (48) Ireland (17)	133.18 135.95 188.92	+0.6 +0.5 +0.1	113.77 116.13 161.39	130.63 133.32 185.28	115.73 118.14 164.17	115.73 135.88 166.12	+0.2 +0.5 +0.0	1.93 4.62 2.64	132.43 135.27 188.81	113.46 115.89 161.76	130.06 132.83 185.41	115.52 118.01 164.72	115.52 135.19 166.17	137,71 135,95 198,57	122.05 112.24 172.72	88.96 92.75 134.59
Italy (96) Japan (454) Malaysia (35) Mexico (13)	107.31 143.19 229.96 510.92	+0.6 +0.9 +0.3 -0.6	91.68 122.33 196.45 436.46	105.24 140.43 225.52 501.07	93.25 124.45 199.83 443.99	98.08 140.43 240.10 1597.63	+0.2 +0.7 +0.3 -0.5	2.40 0.60 2.25 0.32	106.67 141.97 229.32 514.02	91.39 121.63 196.47 440.38	104.74 139.41 225.18 504.76	93.05 123,87 200.05 448.42	97.91 139.41 239.43 1605.64	109.26 197.26 245.32 549.88	91.85 124.40 204.15 324.53	63.52 177.15 179.58 284.08
Netherland (43) New Zealand (17)	141.87 65.56 233.35	+0.5 -0.1 -0.1	121.03 56.01 199.35 175.08	139.94 64.30 228.86 201.00	123.12 56.98 202.79 178.10	121.82 59.24 203.58 174.16	+0.3 -0.5 -0.3 +0.1	4.63 7.47 1.48 1.94	140.96 65.61 233.68 205.01	120.77 56.21 200.20 175.64	138.42 64.43 229.47 201.32	122.98 57.24 203.86 178.84	121.44 59.51 204.26 174.07	145.66 75.36 245.90 207.93	130.43 59.57 202.34 179.70	120.89 66.58 181.12
Singapore (25)	204.95 172.80 168.23 221.55	+0.0 +0.1 +1.0 +0.6	147.62 143.71 189.27	169.47 164.99 217.29	150.16 146.19 192.54	151.70 131.33 198.68	+0.4 +0.8 +0.5	3.93 4.06 2.04	172.67 166.59 220.19	147.93 142.72 188.65	169.58 163.59 216.23	150.63 145.33 192.10	151.13 130.24 197.78	251.39 168.23 221.55	170.00 132.84 173.89	159.79 148.39 148.43 165.94
Switzerland (86) United Kingdom (304) USA (537)	105.37 168.46 142.35	+0.3 +0.4 -0.2	90.01 143.91 121.60	103.34 165.20 139.61	91.58 146.38 123.71	91.78 143.91 142.35	+0.0 +0.1 -0.2	2.25 4,71 3.39	105.06 167.78 142.58	90.03 143.74 122.15	103.19 164.74 140.02	91.68 146.35 124.39	91.82 143.74 142.58	105.37 168.46 148.55	88.75 139.87 130.61	79.79 142.28 133.83
Europe (981) Nordic (116) Pacific Basin (859) Euro - Pacific (1640)	150.97 208.08 142.80 146.51	+0.5 +0.1 +0.8 +0.7	128.97 177.76 121.99 125.16	148.06 204.07 140.05 143.67	131.20 180.83 124.09 127.31	129.69 176.22 139.25 136.06	+0.2 +0.0 +0.7 +0.5	3.51 1.71 0.93 2.01	150.19 207.96 141.63 145.50	128.67 178.17 121.34 124.65	147.48 204.22 139.09 142.86	131.03 181.43 123.56 126.92	129.42 176.20 138.29 135.40	150.97 208.08 192.75 174.18	135.57 185.01 124.63 130.35	119.15 161.38 172.33 151.13
North America (656) Europe Ex. Lik (677) Pacific Ex. Japan (205)	141.83 138.96 137.25	-0.1 +0.6 +0.3	121.16 118.71 117.25	139.12 136.31 134.62 143.79	123.28 120.79 119.28 127.41	140.54 120.85 122.24 135.89	-0.1 +0.3 +0.3 +0.5	3.40 2.73 5.02 2.08	141.99 138.14 136.83 145.61	121.65 118.35 117.23 124.75	139.45 135.68 134.39 143.00	123.89 120.54 119.38 127.03	140.74 120.52 121.90 135.24	147.87 139.50 139.32	131.02 124.81 122.53	134.17 104.49 114.70
World Ex. US (1832) World Ex. UK (2065) World Ex. So. Af. (2309) World Ex. Japan (1915)	146.61 141.60 143.80 145.82	+0.7 +0.4 +0.4 +0.2	125.24 120.96 122.85 124.57	138.88 141.04 143.03	123.06 124.98 126.74	137.27 137.79 136.75	+0.3 +0.3 +0.0	2.27 2.52 3.51	141.04 143.23 145.59	120.84 122.71 124.74	138.51 140.67 142.98	123.06 124.97 127.03	135.24 136.89 137.43 136.72	173,77 162,00 161,84 147,88	131.30 130.80 131.95 134.62	150.83 143.91 143.73 128.01
The World Index (2369)	143.98	+0.4	123.00	141.21	125.13	137.89	+0.3	2.53	143.41	122.87	140.84	125.12	137.53	162.05	132.25	143.75
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